

Pensions and retirement planning

At the end of this unit, candidates should be able to demonstrate an understanding of and ability to analyse:

- main tax and legal frameworks that govern retirement benefits under registered pension schemes;
- features of defined contribution and defined benefit pensions;
- State retirement benefits available, including the risks and suitability of contracting out of the State Second Pension.

Summary of learning outcomes	Number of questions in the examination*
1. Understand the political, economic and social environment factors which provide the context for pensions planning.	5 standard format
2. Understand how the HM Revenue & Customs (HMRC) tax regime applies to pensions planning.	10 standard format
3. Understand the relevant aspects of pensions law and regulation to pensions planning.	4 standard format
4. Understand the structure, characteristics and application of Defined Benefit (DB) schemes to an individual's pension planning.	7 standard format
5. Analyse the range of Defined Contribution (DC) scheme options as they apply to an individual's pension planning.	2 standard format/ 4 multiple response
6. Analyse the options and factors to consider for drawing pension benefits.	4 standard format/ 5 multiple response
7. Understand the structure, relevance and application of State schemes to an individual's pension planning.	4 standard format
8. Evaluate the aims and objectives of retirement planning, including the relevant investment issues.	5 multiple response

*The test specification has an in-built element of flexibility. It is designed to be used as a guide for study and is not a statement of actual number of questions that will appear in every exam. However, the number of questions testing each learning outcome will generally be within the range plus or minus 2 of the number indicated.

Important notes

- **Method of assessment:** 50 questions: 36 standard format and 14 multiple response questions. 1 hour is allowed for this examination.
- This syllabus will be examined from 1 September 2012 to 31 August 2013.
- Candidates will be examined on the basis of English law and practice in the tax year 2012/2013 unless otherwise stated.
- It should be assumed that all individuals are domiciled, resident and ordinarily resident in the UK unless otherwise stated.
- Candidates should refer to the CII update website www.cii.co.uk/updates for the latest information on changes to law and practice and when they will be examined.

- 1. Understand the political, economic and social environment factors which provide the context for pensions planning.**
 - 1.1. Examine the role of Government, policy direction, challenges and reforms.
 - 1.2. Examine corporate responsibilities, their challenges and impact on pension planning.
 - 1.3. Examine demographic trends, longevity and the ageing population.
 - 1.4. Examine incentives, disincentives and attitudes to saving.
 - 1.5. Explain the main pension provision scheme types and methods of pension provision.
- 2. Understand how the HMRC tax regime applies to pensions planning.**
 - 2.1. Explain how the HMRC tax regime applies to pension planning.
 - 2.2. Explain how the annual allowance, lifetime allowance, associated charges and transitional reliefs apply.
 - 2.3. Outline the tax treatment of other types of schemes.
- 3. Understand the relevant aspects of pensions law and regulation to pensions planning.**
 - 3.1. Explain the relevant aspects of pensions law and regulations.
 - 3.2. Describe the role and duties of trustees and administrators of pension schemes.
- 4. Understand the structure, characteristics and application of Defined Benefit (DB) schemes to an individual's pension planning.**
 - 4.1. Describe the main types, attributes and benefits of DB pension provision including the rules and operation of DB schemes.
 - 4.2. Describe funding methods and explore issues surrounding funding.
 - 4.3. Explain the role of trustees and other parties, including scheme reporting.
 - 4.4. Explain the factors to consider and the benefits on leaving, early and normal retirement including the main transfer issues and considerations in broad terms.
 - 4.5. Explain the benefits available on ill health and death.
 - 4.6. Explain eligibility and top-up options.
 - 4.7. Describe the structure, main attributes and benefits of public sector schemes.
- 5. Analyse the range of Defined Contribution (DC) scheme options as they apply to an individual's pension planning.**
 - 5.1. Analyse the types of DC schemes, their main attributes and benefits.
 - 5.2. Explain the legal bases of DC schemes and their impact on an individual's pension planning.
 - 5.3. Outline the benefits on leaving, and death before crystallisation.
 - 5.4. Outline transfer issues and considerations.
- 6. Analyse the options and factors to consider for drawing pension benefits.**
 - 6.1. Analyse the options to consider in drawing State Retirement Benefits.
 - 6.2. Analyse the options available from DB schemes for drawing pension benefits.
 - 6.3. Analyse the options available from DC schemes for drawing pension benefits.
 - 6.4. Analyse the suitability of phased retirement.
 - 6.5. Explain the pension's triviality rules.
- 7. Understand the structure, relevance and application of the State schemes to an individual's pension planning.**
 - 7.1. Examine the structure, relevance and application of basic and additional State Retirement Benefits and the Pension Credit framework as part of an individual's pension planning.
 - 7.2. Explain the key considerations in relation to contracting out via a defined benefit scheme.
- 8. Evaluate the aims and objectives of retirement planning including the relevant investment issues.**
 - 8.1. Evaluate the aims and objectives of retirement planning in relation to:
 - An individual's aims and objectives
 - Investments available to meet these objectives
 - Alternative sources of retirement income
 - Regular reviews and the factors affecting them
 - Asset allocation factors
 - The main characteristics of self-investment

Syllabus construction

The syllabus consists of learning outcomes and assessment criteria only. A comprehensive listing of the indicative content is located at www.fsa.gov.uk/static/pubs/other/exam_stnds/rdr%20specialist%20standards%20pensions%20and%20retirement%20planning.pdf.

Reading list

The following list provides details of various publications which may assist with your studies.

Note: The examination will test the syllabus alone. The reading list is provided for guidance only and is not in itself the subject of the examination. The publications will help candidates keep up-to-date with developments and will provide a wider coverage of syllabus topics.

CII/Personal Finance Society members can borrow most of the additional study materials below from Knowledge Services.


CII study texts can be consulted from within the library. For further information on the lending service, please go to www.knowledge.cii.co.uk/library/services.

CII study text

Pensions and retirement planning. London: CII. Study text R04

Additional reading

Additional reading materials are available through the library or on the Knowledge Services website.

New materials are added frequently – for information about setting up RSS  alerts for new books and articles in your area of interest, please visit www.knowledge.cii.co.uk or email knowledge@cii.co.uk

Books (and ebooks)

Life assurance and pensions handbook. Chris Marshall. London: Taxbriefs. Annual.

Pensions and retirement planning. Edited by Rob Gaines. London: Taxbriefs. Annual.

Pensions law handbook. 10th ed. Pensions Department of Nabarro Nathanson. Haywards Heath, West Sussex: Tottel, 2011.

Factfiles and other online resources

The tax treatment of pension schemes. Roger Self. London: CII Knowledge Services. Updated as necessary. Available online via knowledge.cii.co.uk (CII/Personal Finance Society members only).

State retirement pensions. Roger Self. London: CII Knowledge Services. Updated as necessary. Available online via knowledge.cii.co.uk (CII/Personal Finance Society members only).

Stakeholder pension schemes. Roger Self. London: CII Knowledge Services. Updated as necessary. Available online via knowledge.cii.co.uk (CII/Personal Finance Society members only).

Further articles and technical bulletins are available at www.knowledge.cii.co.uk (CII and Personal Finance Society members only).

Journals and magazines

Financial adviser. London: FT Finance. Weekly. Also available online at www.ftadviser.com

Financial solutions. London: Personal Finance Society. Six issues a year. Also available online via www.knowledge.cii.co.uk (CII/Personal Finance Society members only).

Money management. London: FT Finance. Monthly.

Money marketing. London: Centaur Communications. Weekly. Also available online at www.moneymarketing.co.uk.

Pensions age. London: Perspective. Monthly.

Pensions week. London: FT Finance. Weekly.

Pensions insight. Newsquest Specialist Media. Monthly.

Professional pensions. London: Incisive Media. Weekly. Also available online at www.professionalpensions.com.

Reference materials

Lamont's glossary: the definitive plain English money and investment dictionary. Barclay W Lamont. 10th ed. London: Taxbriefs, 2009. Also available online at www.knowledge.cii.co.uk (CII/Personal Finance Society members only).

Croner's pensions compliance service. Kingston upon Thames: Croner. CCH. Looseleaf, updated.

Butterworths pensions legislation service. London: LexisNexis UK. Looseleaf, updated.

Pensions: law and practice with precedents. London: Sweet & Maxwell. Looseleaf, updated.

The professional adviser's factfile. Taxbriefs. London: Taxbriefs. Looseleaf.

Tolley's guide to pensions tax simplification. Alec Ure. London: LexisNexis Tolley, 2006.

Sweet & Maxwell's law of pension schemes. Nigel Inglis Jones. London: Sweet & Maxwell. Looseleaf, updated.

Tolley's guide to pensions taxation terminology. Alec Ure. London, LexisNexis Tolley, 2011.

Tolley's guide to qualifying recognised overseas pension schemes. 2nd ed. Alec Ure. London, LexisNexis Tolley, 2011.

Tolley's guide to disclosure of tax avoidance schemes and pension schemes. Alex Ure. London, LexisNexis Tolley, 2010.

Pensions pocket book. London: Economic and Financial Publishing Ltd in association with Hewitt Associates. Annual.

Examination guide

An examination guide, which includes a specimen paper, is available to purchase via www.cii.co.uk.

If you have a current study text enrolment the specimen paper is included, as a mock test, via Revisionmate (www.revisionmate.com). Details on how to access this resource are on the first page of the study text.

Exam technique/study skills

There are many modestly priced guides available in bookshops. You should choose one which suits your requirements.