

# Retirement planning

At the end of this unit, candidates should be able to understand the:

- effect that retirement planning has on clients before, at and after retirement;
- impact that taxation and legislation have on retirement planning;
- different types of individual, occupational and State pension schemes;
- main options for drawing benefits at retirement;
- use of alternative investments in retirement planning;
- effect of divorce on retirement planning.

Summary of learning outcomes	Number of questions in the examination*
1. Understand the main aims and strategies for retirement planning.	5
2. Understand the pressures on pension provision, trends and planned changes to legislation, tax regulation and practice applying to retirement planning arrangements.	2
3. Understand the main State Pension benefits to which individuals may be entitled in retirement and the impact they may have on retirement planning.	3
4. Understand the basic principles underlying defined contribution pension schemes and how benefits are built up.	5
5. Understand the basic principles underlying defined benefit pension schemes.	4
6. Understand the main rules governing the tax treatment of pensions.	13
7. Understand the main options for drawing retirement benefits for individuals with defined contribution schemes.	7
8. Understand how pension funds can be invested to provide capital and income in retirement.	2
9. Understand the main criteria that can be used in choosing pension contracts and providers.	3
10. Understand the main rules governing pensions and divorce or dissolution of civil partnerships.	2
11. Understand the suitability of registered pension schemes and other types of investment that can be used to provide retirement benefits.	2
12. Analyse consumers' circumstances and products suitable to meeting retirement needs, taking account of any existing arrangements.	1
13. Apply suitable retirement product solutions to specific consumers' circumstances.	1

\*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 multiple choice questions (MCQs). 1 hour is allowed for this examination.
- This syllabus will be examined from 1 September 2013 until 31 August 2014.
- Candidates will be examined on the basis of English law and practice in the tax year 2013/2014 unless otherwise stated.
- It should be assumed that all individuals are domiciled and resident in the UK unless otherwise stated.
- Candidates should refer to the CII website for the latest information on changes to law and practice and when they will be examined:
  - 1) Visit [www.cii.co.uk/qualifications](http://www.cii.co.uk/qualifications)
  - 2) Select the appropriate qualification
  - 3) Select your unit on the right hand side of the page

- 1. Understand the main aims and strategies for retirement planning.**
  - 1.1 Describe existing pension provisions.
  - 1.2 Identify future retirement needs.
  - 1.3 Describe the financial needs of clients at and after retirement.
  - 1.4 Describe different types of pension plans.
  - 1.5 Explain the need for an investment and taxation strategy when accumulating pension funds for retirement.
- 2. Understand the pressures on pension provision, trends and planned changes to legislation, tax regulation and practice applying to retirement planning arrangements.**
  - 2.1 Describe the socio-economic pressures on pension provision, trends and planned changes to legislation, tax regulation and practice applying to retirement planning.
- 3. Understand the main State Pension benefits to which individuals may be entitled in retirement and the impact they may have on retirement planning.**
  - 3.1 Describe the main State Pension benefits to which individuals may be entitled in retirement.
  - 3.2 Explain the impact of State Pension benefits on retirement planning.
- 4. Understand the basic principles underlying defined contribution pension schemes and how benefits are built up.**
  - 4.1 Describe defined contribution pension schemes.
  - 4.2 Explain the basic principles of individual arrangements and how benefits are built up.
  - 4.3 Explain the basic principles of employer sponsored individual arrangements and how benefits are built up.
  - 4.4 Explain the basic principles of occupational arrangements and how benefits are built up.
  - 4.5 Explain the basic principles of an employer's responsibilities to enrol workers automatically into a qualifying workplace pension scheme.
- 5. Understand the basic principles underlying defined benefit pension schemes.**
  - 5.1 Describe defined benefit pension schemes.
  - 5.2 Describe the basic principles of public sector schemes.
  - 5.3 Describe the basic principles of private sector schemes.
- 6. Understand the main rules governing the tax treatment of pensions.**
  - 6.1 Describe the main aspects of the tax regime of registered pension schemes.
  - 6.2 Calculate pension related taxation liabilities for employees.
  - 6.3 Calculate pension related taxation liabilities for employers.
  - 6.4 Describe the taxation treatment of pension benefits.
- 7. Understand the main options for drawing retirement benefits for individuals with defined contribution schemes.**
  - 7.1 Describe the main options for drawing retirement benefits for individuals with defined contribution schemes.
  - 7.2 Describe the advantages and disadvantages of the main options for drawing retirement benefits in terms of risk and taxation.
  - 7.3 Describe the rules governing trivial commutation.
- 8. Understand how pension funds can be invested to provide capital and income in retirement.**
  - 8.1 Describe how pension funds can be invested to provide capital and income in retirement.
- 9. Understand the main criteria that can be used in choosing pension contracts and providers.**
  - 9.1 Describe the main criteria that can be used in choosing pension contracts and providers.
- 10. Understand the main rules governing pensions and divorce or dissolution of civil partnerships.**
  - 10.1 Explain the main rules governing pensions and divorce or dissolution of civil partnerships.
- 11. Understand the suitability of registered pension schemes and other types of investment that can be used to provide retirement benefits.**
  - 11.1 Describe the suitability, advantages and disadvantages of registered pension schemes and other types of investment that can be used to provide retirement benefits.

## 12. Analyse consumers' circumstances and products suitable to meeting retirement needs, taking account of any existing arrangements.

- 12.1 Analyse consumers' circumstances and products suitable to meeting retirement needs, taking account of any existing arrangements.

## 13. Apply suitable retirement product solutions to specific consumers' circumstances.

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## 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.cii.co.uk/knowledge](http://www.cii.co.uk/knowledge).

## CII study text

Retirement planning. London: CII. Study text CF4

## Additional reading

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

New materials are added frequently – for information about new books and articles in your area of interest, please visit [www.cii.co.uk/knowledge](http://www.cii.co.uk/knowledge) or email [knowledge@cii.co.uk](mailto: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.

## Factfiles and other online resources

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

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

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

**Further articles and technical bulletins are available at [www.cii.co.uk/knowledge](http://www.cii.co.uk/knowledge)** (CII and Personal Finance Society members only).

## Journals and magazines

Retirement strategy. Supplement to Money marketing. London: Centaur Communications. Monthly. Also available online at [www.moneymarketing.co.uk](http://www.moneymarketing.co.uk).

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

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](http://www.professionalpensions.com).

## Reference materials

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

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

Dictionary of banking and finance. P H Collin. A&C Black, 2005. Also available as an ebook via [www.cii.co.uk/knowledge](http://www.cii.co.uk/knowledge) (CII/Personal Finance Society members only).

Harriman's financial dictionary: over 2,600 essential financial terms. Edited by Simon Briscoe and Jane Fuller. Harriman House, 2007. Also available as an ebook via [www.cii.co.uk/knowledge](http://www.cii.co.uk/knowledge) (CII/Personal Finance Society members only).

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

Pensions factbook. Robert Gaines. London: Gee. Looseleaf.

## Examination guide

An examination guide, which includes a specimen paper, is available to purchase via [www.cii.co.uk](http://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](http://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.