Chartered Insurance Institute

Pension transfers Examination Syllabus

Learning outcomes

At the end of this unit, candidates will be able to use technical knowledge and analysis to:

- Understand the fundamental aspects of the pension transfer process;
- Understand the key issues that should be taken into account when advising on the suitability or otherwise of transferring pension benefits;
- Advise on pension transfers in a range of client specific circumstances and scenarios.

Summary of learning outcomes	
1.	**Understand the fundamental aspects of the pension transfer process**
2.	**Understand the key issues that should be taken into account when advising on the suitability or otherwise of transferring pension benefits**
3.	**Advise on pension transfers in a range of client specific circumstances and scenarios**

Entry guidance

It is assumed that the candidate already has the knowledge gained from a study of unit R04 Pensions and retirement planning and J05 Pension income options or equivalent.

Important notes

- This syllabus will be examined in the October 2020 and April 2021 sessions.
- Candidates will be examined on the basis of English law and practice in the tax year 2020/2021 unless otherwise stated.
- The general rule is that exams are based on the English legislative position three months before the date of the exams.
- Candidates should refer to the CII website for the latest information on changes to law and practice and when they will be examined:
- Visit *www.cii.co.uk/qualifications*
- Select the appropriate qualification
- Select your unit on the right hand side of the page

Published August 2020
©2020 The Chartered Insurance Institute. All rights reserved.

1. Understand the fundamental aspects of the pension transfer process

1.1 Explain the key regulatory rules, requirements and definitions relevant to pension transfers, opt-outs and conversions as set out by: The Financial Conduct Authority including relevant sections of The Conduct of Business Sourcebook; The Pensions Regulator; Legislation.

1.2 Understand the roles and responsibilities of the main parties involved in the pension transfer process including but not limited to: Trustees, administrator and actuary; Pension transfer specialist; Money and Pensions Service.

1.3 Explain the key elements of the pension transfer advice process including but not limited to: Triage process and advice boundaries; Key stages of the advice process; Two adviser firms working together; Know your client requirements; The process and assumptions used in the calculation of the cash equivalent transfer value (CETV); The process and assumptions used in the calculation of the Transfer Value Comparator (TVC); Appropriate Pension Transfer Analysis (APTA); Requirements when providing a personal recommendation.

2. Understand the key issues that should be taken into account when advising on the suitability or otherwise of transferring pension benefits

2.1 Demonstrate how the features of Defined Benefit (DB) Schemes may impact a pension transfer recommendation included but not limited to: Security of pension benefits; Guaranteed minimum pension (GMP); Revaluation and escalation; Death and ill-health benefits; Commutation and pension increase exchange; Level of pension commencement lump sum (PCLS) available; Protected retirement ages; Transfer club.

2.2 Demonstrate how the features and safeguarded benefits within a Section 32 policy, retirement annuity contract or executive pension plan may impact a pension transfer recommendation, including but not limited to: Guaranteed minimum pension; Guaranteed annuity rates; Guaranteed growth rates; Death and ill-health benefits; Level of PCLS available including any transitional protection or limitations; Market value reductions and any other existing investment fund issues; Charges; Protected retirement ages.

2.3 Demonstrate how the features of the receiving scheme may impact a pension transfer recommendation, including but not limited to: Level of PCLS available; Flexi-Access Drawdown; Uncrystallised Funds Pension Lump Sum; Annuity options including enhanced and impaired; Phasing benefits; Death benefits; Charges; Investment Options.

2.4 Understand the importance of the following factors when advising on a potential pension transfer: Investment risk; Longevity risk and sustainability; Nomination of beneficiaries and bypass trusts; Matching income and investment strategies; Safe withdrawal rate; Sequencing risk; Economic risk such as inflation and changes in interest rates; Annuity risk; Taxation.

2.5 Understand how the following may impact the suitability or otherwise of a pension transfer recommendation: Lifetime allowance and transitional protections; Funding and solvency including employer covenant and recovery plans; Pension Protection Fund (PPF); Financial Service Compensation Scheme (FSCS).

3. Advise on pension transfers in a range of client specific circumstances and scenarios

3.1 Gather sufficient information to satisfy the 'know your client' requirements: Reconciling client objectives and needs; Assets and liabilities; Hard and soft facts; Attitude to, and understanding of, transfer and investment risk; Capacity for loss; Previous investment experience.

3.2 Analyse the suitability or otherwise of pension transfers in a range of scenarios: Defined benefit to defined contribution; Other plans with safeguarded benefits to defined contribution; Transfer for future benefit crystallisation; Transfer for immediate benefit crystallisation.

3.3 Analyse the impact the following have in determining the suitability or otherwise of a pension transfer: Health and longevity; Trade-offs between retirement needs and other factors; Alternative solutions to meet client objectives; Wealth preservation and legacy planning; Taxation; Debt; Serious ill-health; Partial transfers; Cash flow modelling and stress testing.

©2020 The Chartered Insurance Institute. All rights reserved.

Reading list

The following list provides details of further reading which may assist you 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 resources listed here will help you keep up-to-date with developments and provide a wider coverage of syllabus topics.

CII study texts

Pension transfers. London: CII. Study text AF7.

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

Pensions income options. London: CII. Study text J05.

Both texts are included as electronic resources within AF7 RevisionMate (*www.revisionmate.com*).

Journals and magazines

Financial adviser. London: FT Business. Weekly. Available online at *www.ftadviser.com*.

Personal finance professional (previously Financial solutions). London: CII. Six issues a year. Available online at *www.thepfs.org/financial-solutions-archive* (CII/PFS members only).

Exam technique/study skills

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

Examination guides

Guides are produced for each sitting of written answer examinations. These include the exam questions, examiners' comments on candidates' performance and key points for inclusion in answers.

You are strongly advised to study guides from the last two sittings. Please visit *www.cii.co.uk* to buy online or contact CII Customer Service for further information on +44 (0)20 8989 8464.

Alternatively, if you have a current study text enrolment, the latest exam guides are available via *www.revisionmate.com*.

Published August 2020
©2020 The Chartered Insurance Institute. All rights reserved.