



Chartered  
Insurance  
Institute

# **FA2**

## **Award in Financial Administration**

### **Unit 2 – Pensions administration**

**Based on the 2023/2024 syllabus  
examined from 1 September 2023 until 31 August 2024**

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#### **Published in June 2023 by:**

The Chartered Insurance Institute

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## Unit 2 – Pensions administration

**Based on the 2023/2024 syllabus examined from 1 September 2023 until 31 August 2024**

### Introduction

This examination guide has been produced by the Qualifications and Assessment Department at the Chartered Insurance Institute to assist students in their preparation for the FA2 examination. It contains a specimen examination with answer key.

Ideally, students should have completed the majority of their studies before attempting the specimen examination. Students should allow themselves one hour in which to complete the examination. They should then review their performance to identify areas of weakness on which to concentrate during the remainder of their study time.

Although the specimen examination in this guide is typical of an FA2 examination, it should be noted that it is not possible to test every single aspect of the syllabus in any one particular examination. To prepare properly for the examination, candidates should make full use of the tuition options available and read as widely as possible to ensure that the whole syllabus has been covered. They should also endeavour to keep as up-to-date as possible with developments in the industry by reading periodicals listed in the FA2 reading list, which is located on the syllabus in this examination guide and on the CII website at [www.cii.co.uk](http://www.cii.co.uk).

### Background Information

CII examination questions undergo a rigorous writing and editing process before reaching an examination. The questions are written to strict guidelines by practitioners with relevant technical knowledge and experience. Questions are very carefully worded to ensure that all the information required to answer the question is provided in a clear and concise manner. They are then edited by an independent panel of experienced practitioners who have been specifically trained to ensure that questions are technically correct, clear and unambiguous. As a final check, each examination is scrutinised by the Senior Examiner and a CII assessment expert.

Occasionally a question will require amendment after the examination guide is first published. In such an event, the revised question will be published on the CII website:

- 1) Visit <http://www.cii.co.uk/learning/qualifications/unit-pensions-administration-fa2/>
- 2) Select 'exam guide update' on the right-hand side of the page

Candidates should also refer here for the latest information on changes to law and practice and when they will be examined.

## Syllabus

The FA2 syllabus is published on the CII website at [www.cii.co.uk](http://www.cii.co.uk). **Candidates should note that the examination is based on the syllabus, rather than on any particular tuition material.** Of course, the CII tuition material will provide the vast majority of the information required to perform well in the examination, but the CII recommends that students consult other reference materials to supplement their studies.

Supporting information for the syllabus which contains a detailed overview of the areas covered can be found on the unit page. Select Supporting information for the 2023/2024 syllabus on the right-hand side of the page.

## Skill Specification

The skill level tested in each examination question is determined by the syllabus. Each learning outcome specifies the level of skill required of candidates and thus the level at which candidates may be tested. Learning outcomes for FA2 encompass the skill levels of *know* or *understand*. Different skill levels lead to different types of question, examples of which follow.

*Knowledge -* Knowledge-based questions require the candidate to recall factual information. Typically questions may ask 'What', 'When' or 'Who'. Questions set on a *know* learning outcome can only test knowledge.

*Understanding -* To answer questions based on understanding, the candidate must be able to link pieces of information together in cause-and-effect relationships. Typically questions may ask 'Why'. Questions set on an *understand* learning outcome can test either knowledge or understanding or both.

## Examination Information

The method of assessment for the FA2 examination is 50 multiple choice questions (MCQs). 1 hour is allowed for this examination.

The FA2 syllabus provided in this examination guide will be examined from 1 September 2023 until 31 August 2024.

Candidates will be examined on the basis of English law and practice in the tax year 2023/2024 unless otherwise stated.

The general rule is that the new tax year and changes arising from the Finance Act will be examined from 1 September each year. Other changes, not related to the Finance Act, will not be examined earlier than 3 months after they come into effect.

A multiple choice question consists of a problem followed by four options, labelled A, B, C and D, from which the candidate is asked to choose the correct response. Each question will contain only one correct or best response to the problem posed.

One mark is awarded for each correct response identified by the candidate. No mark is awarded if the candidate either chooses an incorrect response, chooses more than one response or fails to choose any response. No marks are deducted for candidates choosing an incorrect response.

If you bring a calculator into the examination room, it must be a silent battery or solar-powered non-programmable calculator. The use of electronic equipment capable of being programmed to hold alphabetic or numerical data and/or formulae is prohibited. You may use a financial or scientific calculator, provided it meets these requirements.

Candidates are permitted to make rough notes. Candidates are **not** permitted, in any circumstances, to remove any papers relating to the examination from the examination room.

## Examination Technique: Multiple Choice Questions

The best approach to multiple choice examinations is to work methodically through the questions.

The questions are worded very carefully to ensure that all the information required is presented in a concise and clear manner. It cannot be emphasised too strongly that understanding the precise meaning of the question is vital. If candidates miss a crucial point when reading the question it could result in choosing the wrong option. Candidates should read carefully through the question and all the options before attempting to answer.

Candidates should pay particular attention to any words in the question which are emphasised in bold type, for example, **maximum**, **minimum**, **main**, **most**, **normally** and **usually**. Negative wording is further emphasised by the use of capital letters, for example **NOT**, **CANNOT**.

Candidates should not spend too much time on any one question. If they cannot make up their mind, they should leave the question and come back to it later.

When all of the questions have been answered, it is prudent to use any remaining time to go through each question again, carefully, to double-check that nothing has been missed. Altering just one incorrect response to a correct response could make the difference between passing and failing.

## Before the Examination

Before sitting the examination, please visit the preparation page on the CII website to familiarise yourself with the different requirements for sittings via remote invigilation and at an exam centre [www.cii.co.uk/learning/qualifications/assessment-information/before-the-exam/](http://www.cii.co.uk/learning/qualifications/assessment-information/before-the-exam/)

## After the Examination

Rigorous checks are made to ensure the correctness of the results issued. A pre-defined quota of passes to be awarded does not exist. If all candidates achieve a score of at least the pass mark, then all candidates will be awarded a pass grade. Individual feedback on the candidate's examination performance is automatically provided and will indicate the result achieved and, for each syllabus learning outcome, the percentage of questions in the examination that were answered correctly.

# Pensions administration

## Purpose

At the end of this unit, candidates should understand the:

- regulatory and legislative environment governing pensions;
- basic principles of pension taxation and administration;
- basic pension product types, including group pensions;
- with-profits and unit-linked investments;
- different pensions and options available when taking benefits.

Summary of learning outcomes	Number of questions in the examination*
1. Know HM Revenue & Customs (HMRC) requirements for registering pension schemes	1
2. Know the relevant financial regulators' rules	1
3. Know the requirements for disclosure of information	1
4. Know the procedures for the referral of complaints	1
5. Know the basic principles of pension taxation	5
6. Know the key features of the basic pension product types.	5
7. Know the key features of workplace pensions	10
8. Know the main pension policy administration issues	2
9. Understand the administration of pension policies	6
10. Know the principles of medical underwriting	1
11. Understand the main features of unit linking	2
12. Understand the main features of with-profits	2
13. Know the different methods of payment and the consequences of non-payment	2
14. Understand pension claims and the options available when taking benefits	9
15. Understand how pension benefits are treated on divorce	1
16. Understand the use of trusts in pension policies	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 2023 until 31 August 2024.
- Candidates will be examined on the basis of English law and practice in the tax year 2023/2024 unless otherwise stated.
- This PDF document is accessible through screen reader attachments to your web browser and has been designed to be read via the speechify extension available on Chrome. Speechify is an extension that is available from <https://speechify.com/>. If for accessibility reasons you require this document in an alternative format, please contact us on [online.exams@cii.co.uk](mailto:online.exams@cii.co.uk) to discuss your needs.
- 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 from the list provided
  4. Select qualification update on the right hand side of the page



- 1. Know HM Revenue & Customs (HMRC) requirements for registering pension schemes**
  - 1.1 Describe HMRC requirements for registering pension schemes, their powers and reporting requirements.
- 2. Know the relevant financial regulators' rules**
  - 2.1 Describe the relevant regulatory rules.
- 3. Know the requirements for disclosure of information**
  - 3.1 Describe the requirements for the disclosure of information.
- 4. Know the procedures for the referral of complaints**
  - 4.1 Describe the relevant parties and timescales for dealing with complaints and how they relate to each other.
- 5. Know the basic principles of pension taxation**
  - 5.1 Describe the tax treatment of contributions, pension funds, benefits and payments, the basic principles of salary sacrifice, pension contribution refunds and perform appropriate calculations.
- 6. Know the key features of the basic pension product types.**
  - 6.1 Describe the key features of pension products within the HMRC regime.
- 7. Know the key features of workplace pensions**
  - 7.1 Describe the key features and administration procedures for pension schemes facilitated by employers for their employees.
  - 7.2 Describe the main issues and administration procedures for automatic enrolment into workplace pensions.
- 8. Know the main pension policy administration issues**
  - 8.1 Describe the main issues and compliance procedures arising in the arrangement of pensions.
- 9. Understand the administration of pension policies**
  - 9.1 Describe the main issues arising in the administration of pensions.
- 10. Know the principles of medical underwriting**
  - 10.1 Describe the principles of medical underwriting.
- 11. Understand the main features of unit linking**
  - 11.1 Describe the main features of unitised funds.
- 12. Understand the main features of with-profits**
  - 12.1 Describe the main features of with-profits funds.
- 13. Know the different methods of payment and the consequences of non-payment**
  - 13.1 Describe the different methods and ways of payment and the consequences of non-payment.
- 14. Understand pension claims and the options available when taking benefits**
  - 14.1 Describe the different types of benefits payable and the different ways of drawing benefit, including relevant calculations and administrative requirements.
- 15. Understand how pension benefits are treated on divorce**
  - 15.1 Describe the duties and rights of schemes and members when pensions are subject to a divorce settlement and perform appropriate calculations.
- 16. Understand the use of trusts in pension policies**
  - 16.1 Describe the role and operation of trusts in pension administration and the relevant powers, rights and responsibilities of each party to a trust.

## 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**

Pensions administration. London: CII. Study text FA2.

### **Journals and magazines**

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

Personal finance professional (previously Financial solutions). London: CII. Six issues a year.

Pensions age. London: Perspective. Monthly. Available at [www.pensionsage.com](http://www.pensionsage.com).

Pensions Expert. London: FT Finance. Weekly. Available at [www.pensions-expert.com](http://www.pensions-expert.com).

Pensions insight. Newsquest Specialist Media. Monthly. Available at [www.pensions-insight.co.uk](http://www.pensions-insight.co.uk).

Professional pensions. London: Incisive Media. Weekly. Available at [www.professionalpensions.com](http://www.professionalpensions.com).

### **Reference materials**

International dictionary of banking and finance. John Clark. Hoboken, New Jersey: Routledge, 2013.\*

Harriman's financial dictionary: over 2,600 essential financial terms. Edited by Simon Briscoe and Jane Fuller. Petersfield: Harriman House, 2007.\*

## Examination guide

If you have a current study text enrolment, the current examination guide is included and is accessible via Revisionmate ([ciigroup.org/login](http://ciigroup.org/login)). Details of how to access Revisionmate are on the first page of your study text. It is recommended that you only study from the most recent version of the examination guide.

## Exam technique/study skills

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

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\* Also available as an eBook through eLibrary via [www.cii.co.uk/elibrary](http://www.cii.co.uk/elibrary) (CII/PFS members only).

1. How often **must** a registered pension scheme submit an Accounting for Tax (AFT) Return to HM Revenue & Customs?
  - A. Monthly.
  - B. Quarterly.
  - C. Biannually.
  - D. Annually.
  
2. Within the sales process for a personal pension scheme, what is the **latest** point at which a key features document **must normally** be issued?
  - A. Before the applicant completes the proposal form.
  - B. Once the applicant has completed the proposal form.
  - C. Before the proposal has been accepted by the provider.
  - D. Once the policy document has been issued.
  
3. Mike is self-employed and taking out a personal pension. His adviser is charging a £500 fee. What options are permitted by the Financial Conduct Authority for paying this fee?
  - A. Either a fee directly payable to the adviser, or an adviser charge deducted from Mike's personal pension fund.
  - B. Either a fee directly payable to the adviser, or commission from the product provider.
  - C. Only an adviser charge deducted from Mike's contributions to the personal pension.
  - D. Only a fee payable directly to the adviser.
  
4. The **main** role of the Pensions Ombudsman is to
  - A. investigate complaints about how pension schemes are run.
  - B. investigate complaints about how pension schemes are sold.
  - C. regulate the firms who provide pension schemes.
  - D. regulate the operation of pension schemes.
  
5. The **main** benefit of a salary sacrifice arrangement to an employer is a saving in
  - A. Capital Gains Tax.
  - B. Corporation Tax.
  - C. Income Tax.
  - D. National Insurance.

6. Tax relief for employer contributions is **normally** only spread over more than one accounting period if the relevant excess contribution is at **least**
- A. £50,000
  - B. £500,000
  - C. £1,000,000
  - D. £2,000,000
7. Karen wants to contribute more than the annual allowance into her personal pension in the current tax year without incurring a tax charge. Why has she been told that she is **NOT** able to do this?
- A. Her net relevant earnings in the current tax year are £60,000.
  - B. She became a member of a registered pension scheme for the first time last year and contributed £60,000.
  - C. She has taken her pension commencement lump sum and set up a lifetime annuity in the current year.
  - D. She took her pension commencement lump sum and designated the rest of her pension fund to flexi-access drawdown in the last tax year and intends to start taking an income from this in the next tax year.
8. Michael, who is self-employed, makes gross single contributions into his personal pension on 4 April in each tax year. For the last five years he has paid in £10,000 on each occasion. What is the **maximum** gross single contribution he can make on 4 April 2024, without exceeding the annual allowance?
- A. £60,000
  - B. £130,000
  - C. £150,000
  - D. £210,000
9. When uncrystallised benefits worth a total of £12,000 are fully commuted under the triviality rules, how are they treated for tax purposes?
- A. They are tax free in entirety.
  - B. £3,000 is tax free and £9,000 is subject to Income Tax.
  - C. £9,000 is tax free and £3,000 is subject to Income Tax.
  - D. They are subject to Income Tax in entirety.
10. What is the unauthorised payments surcharge rate?
- A. 15%
  - B. 20%
  - C. 30%
  - D. 35%

11. Jerry, who earns £60,000 per annum, makes contributions to his employer's occupational pension scheme and a personal pension plan. What percentage of his earnings may he contribute and receive tax relief on all contributions?
- A. 25%
  - B. 50%
  - C. 75%
  - D. 100%
12. When will a freelance reporter, earning approximately £20,000 per annum, receive tax relief on a single premium personal pension contribution of £5,000 paid on 31 May 2023?
- A. 31 May 2023.
  - B. 31 July 2023.
  - C. 31 January 2024.
  - D. 05 April 2024.
13. What name is **generally** given to the arrangement where each year part of a personal pension scheme's fund is used to purchase an annuity coupled with the payment of a pension commencement lump sum?
- A. Capped drawdown pension.
  - B. Flexi-access drawdown.
  - C. Phased retirement.
  - D. Uncrystallised funds pension lump sum.
14. In what circumstance, if at all, can a member of a personal pension scheme take their entire pension fund as a lump sum without triggering the money purchase annual allowance?
- A. None.
  - B. Taking a trivial lump sum.
  - C. Taking a small pot lump sum.
  - D. Taking a pension commencement lump sum and then taking the remaining fund as a single income payment from flexi-access drawdown.
15. Joe is considering purchasing a short term annuity. He should be aware that
- A. he is able to select the insurance company used.
  - B. a short term annuity can be payable for up to 10 years.
  - C. the short term annuity is payable directly from his drawdown fund.
  - D. a short term annuity must end by his 75th birthday.

16. In order to be eligible to receive the full rate State Pension, a female will need at least
- A. 30 qualifying years.
  - B. 33 qualifying years.
  - C. 35 qualifying years.
  - D. 39 qualifying years.
17. Andrew's employer deducts £300 from his salary on 5 March for a contribution to his group personal pension scheme (GPPs). Andrew's employer pays the contributions electronically, what is the **latest** date by which the employer **must** pay Andrew's contribution to the scheme provider?
- A. 22 March.
  - B. 31 March.
  - C. 05 April.
  - D. 22 April.
18. Limited Price Indexation applies to pensions in payment from defined benefit occupational schemes for service completed after what date?
- A. April 1986.
  - B. July 1988.
  - C. April 1997.
  - D. April 2001.
19. The investment risk associated with a defined contribution occupational pension scheme is carried **primarily** by the
- A. administrators of the scheme.
  - B. employer.
  - C. fund managers of the scheme.
  - D. member.
20. Which employees are **usually** eligible to contribute to an in-house additional voluntary contribution scheme (AVC)?
- A. All employees, whether they are members of the employer's occupational pension scheme or not.
  - B. Only employees who are active members of the employer's occupational pension scheme.
  - C. Only employees who are not members of the employer's occupational pension scheme.
  - D. Only employees who are selected by the employer.

21. Which body sets out the codes of practice for the trustees of an occupational pension scheme?
- A. The Financial Conduct Authority.
  - B. HM Revenue & Customs.
  - C. The Pensions Ombudsman.
  - D. The Pensions Regulator.
22. Under a final salary occupational pension scheme, the trustees' **primary** responsibility is to the scheme's
- A. actuary.
  - B. beneficiaries.
  - C. investment manager.
  - D. sponsoring employer.
23. In which type of pension scheme does a member **usually** have no control over the funds in which their contributions are invested?
- A. A defined benefit occupational pension scheme.
  - B. A National Employment Savings Trust (NEST) pension scheme.
  - C. A personal pension scheme.
  - D. A small self-administered scheme (SSAS).
24. When a member, who is a higher-rate taxpayer, leaves an occupational pension scheme, what rate of tax will be deducted from a short service refund lump sum of £9,000?
- A. 10%
  - B. 20%
  - C. 40%
  - D. 55%
25. In connection with auto enrolment into a workplace pension, what are the age parameters for an employee to qualify as an eligible jobholder?
- A. Aged 18 to State Pension age.
  - B. Aged 22 to State Pension age.
  - C. Aged 18 to age 74.
  - D. Aged 22 to age 74.
26. What are the charges under the National Employment Savings Trust (NEST)?
- A. 0.30% annual management charge plus a 1.80% contribution charge.
  - B. 0.30% annual management charge only.
  - C. 1.50% annual management charge only.
  - D. 1.80% annual management charge plus a 0.30% contribution charge.

27. When a personal pension scheme is arranged on an execution-only basis, in what circumstances, if any, **must** a suitability report be issued?
- A. Only if the contribution exceeds £300 per month.
  - B. Only if the default fund is not selected.
  - C. It must always be issued.
  - D. It does not have to be issued.
28. John is applying to join his employer's group personal pension scheme (GPPs) and intends to contribute £300 per month. A money laundering identity check is **NOT** required on John, providing his employer's GPPs contributions
- A. do not exceed £3,600 per annum.
  - B. do not exceed the annual allowance.
  - C. are paid directly from his personal bank account.
  - D. are paid directly from his employer's bank account.
29. When considering a transfer of benefits from a defined benefit pension scheme, the **main** purpose of a transfer value analysis report is to indicate
- A. the allocation rates and pricing structure applicable to a replacement scheme in comparison to an employer's scheme.
  - B. a detailed account of the differences in terms of taxation between an employer's scheme and alternative pension schemes.
  - C. a detailed description of the pension schemes available as an alternative to an employer's scheme.
  - D. the yield required under a replacement scheme in order to match the benefits being given up under an employer's scheme.
30. The **maximum** amount a self-invested personal pension scheme (SIPP) may borrow to purchase commercial property is
- A. 50% of the net fund value.
  - B. 75% of the property value.
  - C. based on the affordability level set by the provider.
  - D. based on the rental value of the property.
31. Bill wants to move his existing investment from one fund to another within his personal pension scheme. This procedure is known as
- A. reallocating.
  - B. redirecting.
  - C. switching.
  - D. transferring.



32. The cash equivalent transfer value from a fully funded final salary pension scheme represents the
- A. bid value of accumulation units, less charges.
  - B. estimated current cost of providing future benefits.
  - C. offer value of capital and accumulation units.
  - D. value calculated using actuarial tables prescribed by The Pensions Regulator.
33. John, aged 45, is an active member of his employer's defined benefit pension scheme. How often **must** the scheme provide a statement of his benefits?
- A. Annually whilst he is accruing benefits.
  - B. Only on John's request.
  - C. Within 3 months of submitting a recovery plan to The Pensions Regulator.
  - D. Within 6 months of each scheme valuation.
34. At the outset, within what **maximum** period of time, if any, **must** a loan from a registered pension scheme to the sponsoring employer be repaid?
- A. 5 years.
  - B. 10 years.
  - C. A timescale set by the employer.
  - D. There is no set period of time.
35. Under the Access to Medical Reports Act 1988 what information **must** be given to the individual regarding access to the medical information supplied by their general practitioner (GP) to the insurer?
- A. They have a right to see a copy of the report before it is provided to the insurer but not after it is supplied.
  - B. They have a right to see a copy of the report before it is provided to the insurer and within a period of six months after the insurer has received it.
  - C. They are not entitled to see the report before it is supplied but they can request a copy at any point until the cover commences.
  - D. They are not entitled to see the report before it is supplied but they can request a copy at any point for the period of six months after the insurer has received it.
36. What is the allocation rate under a unit-linked pension scheme?
- A. The annual management charge of the fund.
  - B. The annualised investment return of the fund.
  - C. The bid-offer spread applied to each contribution.
  - D. The percentage of each contribution applied to buy units.

37. When a personal pension fund is invested in a UK equity fund, the value of the units at retirement is **normally** based on which price?
- A. The bid price.
  - B. The guaranteed price.
  - C. The mid price.
  - D. The offer price.
38. To which type of fund might a pension provider apply a Market Value Reduction (MVR)?
- A. An equity fund.
  - B. A managed fund.
  - C. A property fund.
  - D. A with-profits fund.
39. Smoothed investment growth is intended to be a feature of which type of fund?
- A. An equity fund.
  - B. A managed fund.
  - C. A property fund.
  - D. A with-profits fund.
40. Due to poor service, Lorna wants to transfer the investments in her self-invested personal pension scheme (SIPP) to a new provider. The assets in her SIPP are a portfolio of individual shares. During a period of stockmarket volatility, what is the **most likely** procedure to be used to transfer the SIPP assets?
- A. The existing pension provider will sell the shares and transfer the proceeds to the new provider.
  - B. The existing pension provider will transfer the legal title of the shares to the new provider.
  - C. Lorna will sell the shares and reinvest the sale proceeds with the new provider.
  - D. Lorna will transfer the legal title of the shares to the new provider.
41. What is the usual procedure when a request for a regular contribution to an individual's personal pension plan, via a direct debit, is rejected due to insufficient funds in the bank account?
- A. The plan is automatically made paid-up.
  - B. The bank will report the non-payment to The Pensions Regulator.
  - C. The pension provider will notify the account holder.
  - D. The pension provider will report the non-payment to The Pensions Regulator.

42. If an individual opts for escalation on his annuity at retirement, what effect, if any, will this have on his initial pension income?
- A. It will have no effect.
  - B. His initial pension income will be lower than under a level annuity.
  - C. His initial pension income will be higher than under a level annuity.
  - D. His initial pension income will be deferred.
43. John, aged 66, crystallises his benefits via a flexi-access drawdown pension. After 3 years he decides to purchase a lifetime annuity. What is the **maximum** guaranteed period, if any, that may apply to his annuity?
- A. No guarantee is permitted.
  - B. 5 years.
  - C. 10 years.
  - D. There is no maximum.
44. Kevin, aged 48, is a member of a trust-based occupational money purchase pension scheme. He has a fund which is less than the lifetime allowance and a life expectancy of six months. What is the **maximum** proportion of the scheme's benefits that can be taken as a serious ill health lump sum?
- A. 25%
  - B. 50%
  - C. 75%
  - D. 100%
45. A client holds primary protection. To what element of his pension will his primary protection factor be applied when he crystallises his benefits?
- A. To his tax free cash entitlement only.
  - B. To his fund value only.
  - C. To his annual allowance input only.
  - D. To his fund value and tax free cash entitlement.
46. Joe, aged 55, has a personal pension plan with a value of £100,000. He would like to crystallise a part of his plan so that he can withdraw a £10,000 pension commencement lump sum (PCLS) from his fund but no income. How will this affect the future PCLS availability under his plan?
- A. He will be eligible to withdraw 25% from the uncrystallised part of his fund only.
  - B. He will be eligible to withdraw 25% of any future growth on the crystallised part plus 25% from the uncrystallised part of his fund.
  - C. He will be eligible to draw a further £15,000 PCLS irrespective of the value of his fund.
  - D. He will not be eligible to withdraw any further PCLS.

47. Jane, aged 71, elected to continue to receive her husband's drawdown pension when he died aged 73. When, if at all, **must** she use the fund to purchase an annuity?
- A. At the first Government Actuary Department review date following her husband's death.
  - B. She will not be required to purchase an annuity.
  - C. When her husband would have attained age 75.
  - D. When she attains age 75.
48. John had just started taking an income from his pension fund via flexi-access drawdown when he died suddenly on 31 August 2023. In accordance with his wishes, his wife, Sally then started to receive an income through a dependant's flexi-access drawdown contract. If Sally wants to provide that, in the event of her death, any remaining fund from John's benefits continues to pay an income to their daughter, Karen, what would Karen be classed as?
- A. A dependant.
  - B. A nominee.
  - C. A successor.
  - D. A trustee.
49. When a pension sharing arrangement is part of a divorce settlement, which figure is **generally** used to value the pension arising from a defined benefit scheme?
- A. The cash equivalent transfer value.
  - B. The guaranteed death benefit.
  - C. The projected maturity value.
  - D. The value of contributions paid.
50. In terms of the establishment of an occupational pension scheme, an irrevocable trust is a trust
- A. designed to provide for a charitable organisation.
  - B. formed to manage a portfolio of securities.
  - C. that cannot be undone without proper provision made to secure the benefits due under it.
  - D. where the trustees have no duties to perform other than to pay the beneficiaries.

## Specimen Examination Answers and Learning Outcomes Covered

Question	Answer	Learning Outcome	Question	Answer	Learning Outcome	Question	Answer	Learning Outcome
Learning Outcome 1			Learning Outcome 7			Learning Outcome 11		
1	B	1.1	17	D	7.1	36	D	11.1
1 Question			18	C	7.1	37	A	11.1
			19	D	7.1	2 Questions		
Learning Outcome 2			20	B	7.1			
2	A	2.1	21	D	7.1	Learning Outcome 12		
1 Question			22	B	7.1	38	D	12.1
			23	A	7.1	39	D	12.1
Learning Outcome 3			24	B	7.1	2 Questions		
3	A	3.1	25	B	7.2			
1 Question			26	A	7.2	Learning Outcome 13		
			10 Questions			40	B	13.1
Learning Outcome 4						41	C	13.1
4	A	4.1	Learning Outcome 8			2 Questions		
1 Question			27	D	8.1			
			28	D	8.1	Learning Outcome 14		
Learning Outcome 5			2 Questions			42	B	14.1
5	D	5.1				43	D	14.1
6	B	5.1	Learning Outcome 9			44	D	14.1
7	B	5.1	29	D	9.1	45	D	14.1
8	C	5.1	30	A	9.1	46	A	14.1
9	B	5.1	31	C	9.1	47	B	14.1
10	A	5.1	32	B	9.1	48	C	14.1
11	D	5.1	33	B	9.1	7 Questions		
7 Questions			34	A	9.1			
			6 Questions			Learning Outcome 15		
Learning Outcome 6						49	A	15.1
12	A	6.1	Learning Outcome 10			1 Question		
13	C	6.1	35	B	10.1			
14	C	6.1	1 Question			Learning Outcome 16		
15	A	6.1				50	C	16.1
16	C	6.1				1 Question		
5 Questions								