

Pensions and retirement planning

Purpose

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.	4 standard format/ 2 multiple response
6. Analyse the options and factors to consider for drawing pension benefits.	5 standard format/ 4 multiple response
7. Explain 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: 39 standard format and 11 multiple response questions. 1 hour is allowed for this examination.**
- **This syllabus will be examined from 1 September 2019 to 31 August 2020.**
- **Candidates will be examined on the basis of English law and practice in the tax year 2019/2020 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/learning/qualifications/unit-pensions-and-retirement-planning-r04/
 2. Select qualification update on the right hand side of the page.

- 1. Understand the political, economic and social environment factors which provide the context for pensions planning.**
 - 1.1 Describe the role of Government, policy direction, challenges and reforms.
 - 1.2 Describe corporate responsibilities, their challenges and impact on pension planning.
 - 1.3 Describe demographic trends, longevity and the ageing population.
 - 1.4 Describe incentives, disincentives and attitudes to saving.
 - 1.5 Explain the main pension scheme types and methods of pension provision.
- 2. Understand how the HM Revenue & Customs (HMRC) tax regime applies to pensions planning.**
 - 2.1 Explain how the HMRC tax regime applies to pensions planning:
 - Contributions and tax relief
 - Pension scheme investment funds
 - Death benefits
 - Retirement benefits
 - Transitional reliefs
 - 2.2 Explain how the following are applied:
 - Annual allowances
 - Tapering of the annual allowance
 - Lifetime allowance
 - Associated charges
 - 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 regulation.
 - 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 Outline the funding methods and related issues.
 - 4.3 Explain the role of trustees and other parties, including scheme reporting.
 - 4.4 Describe the factors to consider and the benefits on leaving, early and normal retirement, including the main transfer issues 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 and after age 75.
 - 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 small pots and trivial commutation rules.
- 7. Explain the structure, relevance and application of State Schemes to an individual's pension planning.**
 - 7.1 Explain the structure, relevance and application of State Retirement Benefits, State Death Benefits and the Pension Credit framework as part of an individual's pension planning.

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

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/PFS members can access most of the additional study materials below via the Knowledge Services webpage at <https://www.cii.co.uk/knowledge-services/>.

New resources are added frequently - for information about obtaining a copy of an article or book chapter, book loans, or help finding resources, please go to <https://www.cii.co.uk/knowledge-services/> or email knowledge@cii.co.uk.

CII study texts

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

Books

A modern approach to lifetime tax planning for private clients (with precedents). Christopher Whitehouse, Lesley King. Bristol: Jordans, 2016.

eBooks

The following ebooks are available through Discovery via www.cii.co.uk/discovery (CII/PFS members only):

Recreating sustainable retirement: resilience, solvency and tail risk. P. Brett Hammond, et al. Oxford: Oxford University Press, 2014.

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).

Money management. London: FT Business. Monthly. Available online www.ftadviser.com/brand/money-management.

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

Pensions age. London: Perspective. Monthly. Available at www.pensionsage.com.

Pensions week. London: FT Finance. Weekly.

Pensions insight. Newsquest Specialist Media. Monthly. Available at www.pensions-insight.co.uk.

Professional pensions. London: Incisive Media. Weekly. Available at www.professionalpensions.com.

Examination guide

If you have a current study text enrolment, the current examination guide is included and is accessible via Revisionmate (www.revisionmate.com). 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.

The Insurance Institute of London holds a lecture on revision techniques for CII exams approximately three times a year. The slides from their most recent lectures can be found at www.cii.co.uk/iilrevision (CII/PFS members only).