



Chartered
Insurance
Institute

FA2

Award in Financial Administration

Unit 2 – Pensions administration

**Based on the 2020/2021 syllabus
examined until 31 August 2021**

Unit 2 – Pensions administration

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Unit 2 – Pensions administration

Based on the 2020/2021 syllabus examined until 31 August 2021

Introduction

This examination guide has been produced by the Examinations 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.

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 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**. **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.

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.

- | | |
|------------------------|--|
| <i>Knowledge -</i> | Knowledge-based questions require the candidate to recall factual information. Typically questions may ask 'What', 'When' or 'Who'. Questions set on a <i>know</i> learning outcome can only test knowledge. |
| <i>Understanding -</i> | 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 <i>understand</i> 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 2020 until 31 August 2021.

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 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.

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 2020 until 31 August 2021.
- Candidates will be examined on the basis of English law and practice in the tax year 2020/2021 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
 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/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 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.

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).

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.

Reference materials

International dictionary of banking and finance. John Clark. Hoboken, New Jersey: Routledge, 2005.*

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

1. What **must** a pension scheme administrator do to be eligible to use the HM Revenue & Customs' registration system?
 - A. Provide proof of identity in line with the Money Laundering requirements.
 - B. Provide proof of professional qualifications.
 - C. Register and enrol to use the service.
 - D. Register and pay the registration fee.

2. What **must** a pension provider do when a cancellation notice is received within the cooling-off period for a regular premium pension plan?
 - A. Inform HM Revenue & Customs.
 - B. Inform The Pensions Regulator.
 - C. Refund the value of any contributions paid into the pension scheme.
 - D. Return the completed proposal form.

3. What would an individual expect to see in an effect of charges table contained within the key features illustration?
 - A. Payments made into the plan only.
 - B. Payments made into the plan and total deductions only.
 - C. Payments made into the plan, total deductions and the effect of the deductions only.
 - D. Payments made into the plan, total deductions, the effect of the deductions and projected fund values.

4. The **main** role of the Pensions Advisory Service is to
 - A. pay compensation for members of defined benefit schemes with insolvent employers.
 - B. provide enhanced annuity comparison tables for members at retirement.
 - C. provide information, guidance and advice on pensions in general.
 - D. regulate occupational pension scheme trustees.

5. In relation to tax relief, employer contributions to a personal pension scheme are payable
 - A. gross regardless of the individual's tax rate.
 - B. net of starting-rate tax.
 - C. net of basic-rate tax.
 - D. net of higher-rate tax where the employee is a higher-rate taxpayer.

6. On what basis can an employer-sponsored occupational pension scheme choose between tax relief at source and net pay arrangements for employee contributions?
 - A. Tax relief at source must always be used.
 - B. Net pay arrangements must always be used.
 - C. Either method can be used, but the same method must apply to all employees.
 - D. Either method can be used and it can differ between employees.

7. When a lump-sum death benefit is payable in respect of uncrystallised funds from a money purchase pension scheme, prior to age 75, what is the **maximum** lump sum that can be paid tax free assuming there is no transitional protection?
- A. The annual allowance.
 - B. The lifetime allowance.
 - C. Four times remuneration only.
 - D. Four times remuneration, plus the return of the member's contributions.
8. David is about to receive a pension of £70,000 per annum from his employer's defined benefit pension scheme. What is the value of his fund for lifetime allowance purposes?
- A. £700,000
 - B. £1,050,000
 - C. £1,400,000
 - D. £1,750,000
9. If a pension scheme member has personal use of the scheme's assets **without** paying the open market rent for it, how, if at all, will that use be taxed?
- A. It will be subject to tax as a benefit-in-kind.
 - B. It will not be taxed.
 - C. It will be subject to Capital Gains Tax.
 - D. It will be subject to Corporation Tax charged at a flat rate to the employer.
10. When an individual elects to carry forward unused annual allowances from previous tax years, how **must** their contribution be allocated against their cumulative annual allowance?
- A. By allocating the contribution to the current year's annual allowance first.
 - B. The annual allowance from three years ago must be used first.
 - C. There is no set order and the individual may elect how to apply the contributions.
 - D. The contribution will be set against the cumulative total and not against an individual tax year.
11. Fred, aged 68, has a personal pension plan from which no benefits have been taken. Assuming he does **NOT** elect to draw his benefits, at what age, if any, **must** his pension fund be tested against the lifetime allowance?
- A. 70 years old.
 - B. 75 years old.
 - C. 77 years old.
 - D. There is no specific age.
12. Roy's pension fund was valued at £1,725,000 when he registered for fixed protection 2012. When he crystallises his benefits, his fund will be protected from the lifetime allowance charge up to a **maximum** of
- A. £1,250,000
 - B. £1,500,000
 - C. £1,725,000
 - D. £1,800,000

13. Why might a personal pension policyholder with a 100% equity investment consider switching his funds to cash as he approaches retirement?
- A. To prevent his investment from becoming overfunded.
 - B. Because tax-free cash will be paid more quickly.
 - C. To protect his investment against any fall in the stock markets.
 - D. Because cash investments use higher annuity rates to convert the fund to pension.
14. What is **usually** the **minimum** age at which benefits can be paid under a personal pension scheme?
- A. 50 years old.
 - B. 55 years old.
 - C. 60 years old.
 - D. 65 years old.
15. Robert is about to reach State Pension age and is considering whether to defer his State Pension by one year. If Robert also has a personal pension plan, what effect, if any, will his decision have on the selected retirement date for this plan?
- A. It will not have any effect.
 - B. He must increase the personal pension's retirement date by a maximum of one year.
 - C. He must increase the personal pension's retirement date by a maximum of three years.
 - D. Any benefits crystallised from his personal pension will be subject to a scheme charge for the first 12 months of payment.
16. A defined benefit pension scheme offers a benefit to its members on a 60ths accrual rate. How many years' scheme membership are needed to obtain a pension equivalent to two thirds of final pensionable salary?
- A. 10 years.
 - B. 20 years.
 - C. 30 years.
 - D. 40 years.
17. What type of arrangement is a group personal pension scheme (GPPs)?
- A. A defined benefit pension scheme.
 - B. A defined contribution pension scheme.
 - C. A final salary pension scheme.
 - D. An occupational pension scheme.
18. Georgina opted out of her employer's auto enrolment pension scheme at the employer's staging date in January 2020. At what point, if at all, will she be auto enrolled into the scheme?
- A. She will not be enrolled at any point.
 - B. July 2020.
 - C. January 2023.
 - D. January 2025.

19. With whom is an employer required to register his qualifying pension scheme which is to be used for auto enrolment?
- A. The Department for Work and Pensions.
 - B. The Financial Conduct Authority.
 - C. The Pensions Advisory Service.
 - D. The Pensions Regulator.
20. Karen was a member of her employer's group personal pension scheme for a period of four months, during which time both Karen and her employer made pension contributions. Having left service, what are the options in respect of her entitlement under this scheme?
- A. She can continue to make contributions to the scheme, leave the scheme paid up or transfer her benefits to another scheme.
 - B. She can receive a refund of her contributions only.
 - C. She can receive a refund of both her and her employer's contributions.
 - D. She can transfer the pension to another personal pension scheme only.
21. A full actuarial valuation is required for most defined benefit pension schemes at least every
- A. year.
 - B. two years.
 - C. three years.
 - D. four years.
22. An employer with a trust-based defined contribution occupational pension scheme collects employee contributions by deduction from salary each month and pays them electronically to the pension provider. By what date **must** the contributions be received by the pension provider?
- A. By the end of the month in which the pension contribution is deducted.
 - B. By the 19th of the month following that in which the pension contribution is deducted.
 - C. By the 22nd of the month following that in which the pension contribution is deducted.
 - D. By the end of the month following that in which the pension contribution is deducted.
23. Subject to scheme specific rules, in what circumstances may a member of a defined benefit occupational pension scheme receive a refund of her contributions?
- A. At any time subject to the scheme trustees' approval.
 - B. In the event that the scheme winds up.
 - C. Upon leaving the scheme having completed less than two years' service.
 - D. Upon leaving the scheme having completed more than two years' service.
24. An employer makes a single contribution of £10,000 to a group personal pension for the benefit of an employee. For which accounting period will this **normally** be treated as a deduction?
- A. The year in which the contribution was made.
 - B. The accounting period following the year in which the contribution was made.
 - C. The accounting period preceding the year in which the contribution was made.
 - D. The employer can select an accounting period up to three years preceding the year in which the contribution was made.

25. A member of a group personal pension scheme leaves his employment and has been told that he has the option to have his pension made paid up. What does this mean?
- A. All contributions made by the employee will be refunded at the date of leaving.
 - B. All contributions made by both the employee and the employer will be refunded at the date of leaving.
 - C. Contributions will cease and the fund remains invested until such time as benefits are taken.
 - D. Contributions will cease and the fund is automatically switched to the default fund.
26. At what point in the sales process of a personal pension plan should the client be given a key features document?
- A. A minimum of 7 days before the application is completed.
 - B. At any point before the application is completed.
 - C. No later than 14 days of the application being submitted.
 - D. No later than 30 days of the application being submitted.
27. In what circumstances can a 15-year-old have an investment in a stakeholder pension plan that is **legally** binding on all parties?
- A. When the 15-year-old has relevant UK earnings.
 - B. When the 15-year-old is non-UK resident.
 - C. When an exemption is obtained from HM Revenue & Customs.
 - D. When the plan is arranged by a parent or guardian.
28. Benefit statements for members of a money purchase occupational pension scheme **must** be issued annually to
- A. active members of the scheme only.
 - B. deferred members of the scheme only.
 - C. deferred members and pensioners only.
 - D. all members with entitlements under the scheme.
29. What **additional** benefit may be available to a member of a group personal pension scheme to maintain pension contributions through to retirement if the member is off work through sickness or injury?
- A. Contribution protection.
 - B. Critical illness insurance.
 - C. Personal accident insurance.
 - D. Private medical insurance.
30. Authorised borrowing by a pension scheme is limited to what percentage of a pension scheme's assets at the time the loan is granted?
- A. 25%
 - B. 45%
 - C. 50%
 - D. 75%

31. A target date fund in a pension scheme is a fund which
- A. is designed primarily for members planning to effect a drawdown pension at a particular time.
 - B. is designed to be used to provide retirement benefits at a particular time.
 - C. is targeted at employees joining within a specified time range.
 - D. targets a minimum level of retirement income.
32. What key factors about a scheme member will be used when calculating a cash equivalent transfer value from a defined benefits scheme?
- A. Earnings and length of service only.
 - B. Earnings, length of service and state of health.
 - C. Earnings, length of service and marital status.
 - D. Earnings, length of service and occupation.
33. Mark has received a bonus and wants to pay this as an additional single contribution to his pension plan. His pension provider has advised him that this is **NOT** possible. What type of pension plan is Mark **most likely** to have?
- A. Personal pension.
 - B. Section 32 buy-out plan.
 - C. Self-invested personal pension scheme (SIPP).
 - D. Small self-administered scheme (SSAS).
34. In what circumstances will a medical practitioner **NOT** allow an individual access to her medical records?
- A. If the medical practitioner believes that disclosing this information would serve no useful purpose to the individual.
 - B. If the medical practitioner believes that disclosing this information would cause the individual mental harm.
 - C. If the medical report is to be supplied for employment purposes only.
 - D. If the medical report is to be supplied for life assurance purposes only.
35. The reduction in yield in a personal pension illustration takes into account
- A. adviser charge only.
 - B. charges only.
 - C. adviser charge and charges only.
 - D. adviser charge, charges and taxation.
36. Where a unit-linked fund has a single price, this means the
- A. fund is closed to new investment.
 - B. fund must be a deposit fund.
 - C. price does not vary.
 - D. price used to buy and sell units is the same.

37. How is the fund value of a unitised with-profits fund held within a personal pension plan **normally** calculated?
- A. By the actuary at his discretion.
 - B. By dividing the profits made in the last policy year by the units held in the fund.
 - C. By multiplying the number of units held by the unit price.
 - D. By taking the reversionary bonus and adding it to the basic sum assured.
38. The process whereby investment returns are preserved in good years to build up a reserve which will enable bonuses to be paid under poor investment conditions is known as
- A. attribution.
 - B. pound cost averaging.
 - C. smoothing.
 - D. tactical asset allocation.
39. Which type of payment method is **most commonly** used where an employer is making contributions to the provider of a group personal pension scheme (GPPs)?
- A. Cheque.
 - B. Direct Debit.
 - C. Standing Order.
 - D. Telegraphic transfer.
40. The non-payment of contributions to a pension scheme by an employer should be referred to
- A. HM Revenue & Customs.
 - B. The Pensions Advisory Service.
 - C. The Pensions Regulator.
 - D. The Pensions Ombudsman.
41. Which method of taking pension benefits will **NOT** trigger the money purchase annual allowance?
- A. Conversion of capped drawdown to flexi-access drawdown.
 - B. Flexi-access drawdown.
 - C. Lifetime annuity.
 - D. Uncrystallised funds pension lump sum.
42. In what circumstances may an individual who has left employment before the age of 55 have pension benefits commuted?
- A. As part of a divorce settlement.
 - B. When in financial hardship.
 - C. When in serious ill health.
 - D. When emigrating.

43. Where no transitional protection exists, what is the **maximum** percentage of a personal pension fund that can be taken as a pension commencement lump sum on crystallisation?
- A. 20%
 - B. 25%
 - C. 40%
 - D. 100%
44. What is the **maximum** benefit level, if any, that may be drawn each year using a flexi-access drawdown pension arrangement for an individual, aged 76?
- A. There is no maximum benefit level.
 - B. 90% of The Government Actuary's Department basis amount.
 - C. 120% of The Government Actuary's Department basis amount.
 - D. 150% of The Government Actuary's Department basis amount.
45. On transfer from a final salary pension scheme to a personal pension scheme, what special designation, if any, would be given to the guaranteed minimum pension (GMP) entitlement?
- A. A GMP.
 - B. Protected rights.
 - C. Requisite benefits.
 - D. It has no special designation.
46. When a pension scheme provides for an annuity to be paid to a child should the member die, what is the **maximum** age to which the annuity may **normally** be paid?
- A. 18 years old.
 - B. 21 years old.
 - C. 23 years old.
 - D. 25 years old.
47. When a Guaranteed Minimum Pension (GMP) is secured under a Section 32 buy-out bond, who carries the investment risk that at State Pension age the accrued fund is insufficient to provide the GMP?
- A. The Department for Work and Pensions.
 - B. The insurance company.
 - C. The planholder.
 - D. The previous occupational scheme.
48. What possible advantage is provided where transitional protection exists in respect of a pension commencement lump sum (PCLS) entitlement under an occupational pension scheme?
- A. The protected lump sum can be ignored for lifetime allowance purposes.
 - B. The protected lump sum increases each year in line with increases in the Retail Prices Index.
 - C. The protected lump sum can be ignored when considering the triviality options.
 - D. The protected PCLS may be higher than 25% of the associated fund value when benefits are taken.

49. What procedure is used when allocating assets of a marriage in lieu of pension rights upon divorce?
- A. Earmarking.
 - B. Offsetting.
 - C. Sharing.
 - D. Substituting.
50. When the trustees of an occupational pension scheme decide to amend a trust deed, to which members will the changes apply?
- A. All current members only.
 - B. Prospective new members only.
 - C. All current members and prospective new members.
 - D. Those members to whom the trustees deem them to apply.

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