

Retail Advice and Regulation

Assignment 4 Notes

(Part 5 – Pension Transfers, SIPPs & Drawdown and Current Developments)
Recommended Time: 3 hours

- 1) **Outline the differences between capped drawdown, phased retirement and flexible drawdown.**

15 marks

As only 15 marks are available, only a relatively brief answer is expected. However, answers should cover the main distinguishing features of each. The coverage of these variants is sufficient in the study manual.

(The relevant section of the Study Manual is Part 5, Chapter 2.1)

15 marks

- 2) **Outline some of the typical signs of pension scams.**

5 marks

Answers should cover the typical signs of pension scams and these are covered in the study manual. As only 5 marks are available for this question, any 5 should be sufficient.

(The relevant section of the Study Manual is Part 5, Chapter 1.1.5)

5 marks

- 3) **Write brief notes on the following:**

- (i) **Pot Follows Member.**
- (ii) **Sale of Annuities.**

10 marks

As no mark split is shown, it can be assumed approximately equal marks are available for each part. There is sufficient detail included in the relevant section of the study manual and this could be supplemented by any other relevant points.

(The relevant sections of the Study Manual are Part 5, Chapter 3.2.1 and Chapter 3.2.2)

10 marks

4) Outline the FCA rules around pension transfer and explain briefly in an email to a client how a pension transfer is calculated.

30 marks

Your answer should be in two parts. As the second part of the question requires a specific format, 2 or 3 marks are available for that aspect.

In addition to coverage of the relevant requirements from COBS, the first part of your answer should cover the particular requirements around:

- Record keeping
- Recommendations
- Insistent customers
- TVAS

In the second part of your answer, given the context of the question a brief explanation of a transfer should be included in a full answer.

Mention of recent developments, such as transfer incentives and pension liberation could be appropriate in a very full answer but is not necessary.

(The relevant sections of the Study Manual are Part 5, Chapter 1.2 and Chapter 1.5)

30 marks

5) Outline the issues associated with pension transfer incentives and the Pensions Regulator's Principles.

15 marks

Answers should include coverage of the Code of Practice and the 5 Principles. Sufficient detail is included in the relevant section of the study manual. Given 15 marks available there is scope for a full answer that could be supplemented by examples and/or any current developments.

(The relevant section of the Study Manual is Part 5, Chapter 1.6)

15 marks

6) Write brief notes on the following types of annuity:

- (i) Single-life or joint-life;**
- (ii) Level or escalating lifetime; and**
- (iii) Impaired life and enhanced.**

15 marks

Approximately equal marks are available for each section of this question. Therefore, answers are only required to be brief, with 5 marks available for each. Examples would be helpful.

(The relevant section of the Study Manual is Part 5, Chapter 2.2.1)

15 marks

7) Describe the Pension Dashboard project and the relevance for individuals.

10 marks

A relatively brief explanation is all that is required given the marks available. Answer should include mention of some of the following:

- The involvement of Government and DWP
- Individuals can see all pension entitlements in one place
- Private pensions and State pensions
- 2019 target launch date

(The relevant section of the Study Manual is Part 5, Chapter 3.1)

10 marks