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Description automatically generatedDevonshire House

60 Goswell Road

London

EC1M 7AD

T: +44 (0) 20 7247 1452

W: www.pensions-pmi.org.uk

Core Unit 1A – Providing for Retirement

Assignment 2 Notes

(Part 2 – Parties Involved)

Recommended Time: 1 Hour

1. **List 10 key parties involved in retirement provision.**

**10 Marks**

List should include ten of the following:

* The Pensions Regulator (TPR)
* The Financial Conduct Authority (FCA)
* The Pensions Ombudsman
* The Money and Pensions Service (MaPS), including the Pensions Advisory Service, the Money Advice Service and Pension Wise
* Citizens Advice Service
* Financial Ombudsman
* The Pension Protection Fund (PPF)
* The Financial Assistance Scheme
* Financial Services Compensation Scheme
* Government departments (HMRC, DWP and HM Treasury)
* the trustees and secretary to the trustees
* Investment Governance Committees (IGCs)
* employers/pensions manager, payroll and HR
* members and their dependants
* advisers to those running the scheme (including legal adviser; investment adviser; scheme actuary and auditor)
* those giving advice or general information and guidance to members
* service providers including administrators
* investment managers, and
* insurers

(Relevant section of the manual is Part 2 Chapter 1)

1. **Outline TPR’s current statutory objectives.**

**5 Marks**

Answer should cover the following:

* Protect the benefits of members of workplace pension schemes
* Promote good administration of workplace pension schemes
* Reduce the risk of situations that may lead to claims from the PPF
* Maximise compliance with employer duties relating to automatic enrolment
* Minimise any adverse impact on the sustainable growth of an employer.

(Relevant section of the manual is Part 2 Chapter 1.1)

1. **Name and outline TPR powers to ensure employers will not sidestep their pension obligations.**

**5 Marks**

Answer should cover the following:

* Contributions notices – direct those involved to pay an amount up to the full statutory debt either to the scheme or to the Board of the PPF.
* Financial support directions – require financial support to be put in place where it concludes that the sponsoring employer is either a service company or is insufficiently resourced.
* Restoration orders – if a transaction involving the scheme’s assets has been undervalued these allow it to take action to have the assets of the scheme restored.

(Relevant section of the manual is Part 2 Chapter 1.1.1)

1. **Outline the role of the Pensions Ombudsman.**

**10 Marks**

Answer should cover the following:

* It investigates and decides complaints and disputes regarding the way that pension schemes are run.
* Acts independently and acts as an impartial adjudicator.
* Its decision is final and binding on all parties involved.
* Its decision can only be changed by appealing to the appropriate court on a point of law.
* It has powers to deal with complaints of maladministration and disputes of fact or law concerning personal and occupational pension schemes.
* There is no charge and is funded by grant-in-aid paid by the DWP.
* Cases can be brought by actual or potential beneficiaries, trustees, employers.
* Since 2018 the Ombudsman has taken over all pension complaints and now operates an early resolution service.
* Also, the Pensions Protection Fund Ombudsman who can review decisions made or consider complaints of maladministration in relation to the PPF.

(Relevant section of the manual is Part 2 Chapter 1.3)

1. **Please give a brief outline of the three existing providers of financial guidance that created the Money and Pensions Service?**

**5 Marks**

Answer should cover the following:

* TPAS – offered free and impartial to people with workplace and personal pension schemes. The service was provided by a nationwide network of volunteer advisers, supported by in-house technical and administrative staff.
* MAS – set up by the government in 2010 tasked with providing free and impartial money advice.
* Pension Wise – was launched in 2015, as well as online content, it offered telephone guidance and face-to-face appointments. Only offered guidance to over 50s with DC pensions and the guidance had to follow a prescribed FCA format.

TPAS and MAS now replaced by MoneyHelper, Pension Wise is part of MoneyHelper but retains its own brand.

(Relevant section of the manual is Part 2 Chapter 1.4.1, 1.4.2, & 1.4.3)

1. **Outline the compensation that can be provided by the PPF.**

**10 Marks**

Answer should cover the following:

* Once the PPF takes responsibility of the scheme, the assets and liabilities are transferred to the PPF and the PPF will provide compensation broadly at 100% of accrued benefits for those over NPA / ill-health or survivor’s pensions.
* Others, compensation will be at 90% of accrued benefits and will be subject to an overall cap.
* The cap depends on the member’s age at the date of commencement.
* For the year beginning 1 April 2021, the compensation cap was at £41,461.07 for benefits commencing at 65.
* CPI indexation capped at 2.5% for post 97 benefits
* 50% spouse’s pension on death
* The Pensions Act 2014 increased the maximum benefits payable to those with long service.
* From 6 April 2017, the standard cap increased by 3% simple for each complete year of service above 20 years up to a maximum of 100%.
* There has been a number of court cases regarding the compensation cap and the government is considering how to amend the PPF benefits for this. However, in the meantime PPF will continue to pay the current level of benefits.

(Relevant section of the manual is Part 2 Chapter 1.7.2)

1. **Name 5 key parts to the role of a scheme actuary.**

**5 Marks**

Answer should cover the following:

* Assessing the funding position
* Preparing the triennial actuarial valuation, the interim funding reports and advising on the terms of the funding arrangements.
* Advising the trustees on the methods and assumptions used to set the scheme’s technical provisions
* Calculating member’s benefit entitlements
* Advising the trustees on the assumptions that could be used to calculate transfer values
* Calculating any ‘section 75’ debts on the employer.

(Relevant section of the manual is Part 2 Chapter 1.18.3)