Defined Benefit Arrangements

Assignment 4

*(Part 5 – Winding Up and the Pension Protection Fund)*

*Recommended Time: 3 hours*

1. You are the consultant for a scheme where the Sponsoring Employer of the scheme has become insolvent. The trustee has asked you to outline the key issues the Trustee should address. Write a short paper outlining 3 key issues the Trustee should consider.

**15 marks**

1. You are a Pensions Manager, managing a scheme which is not eligible to enter the PPF. Your CFO has emailed you asking for information on an alternative way benefits could be paid to some scheme members if the employer were to become insolvent. Reply to the CFO.

**10 marks**

1. You are the administrator for a scheme which will be transferring to the PPF. Draft a letter to scheme members outlining the level of benefits that will be payable from the PPF.

**10 marks**

1. You are the Pensions Adviser to the Sponsoring Employer of a small DB scheme which is closed to new members but open for future accrual. The employer wishes to close the scheme with a view to winding it up. Write a short paper for the employer, outlining the key considerations.

**20 marks**

1. You are the consultant for a scheme where wind-up has been triggered. The trustees have asked you to talk to them about how they can protect themselves from claims from beneficiaries after wind-up has been concluded. Write an aide memoir to take to the meeting.

**10 marks**

1. As a Pensions manager, the Chair of the Trustee Board has asked you for information about the purpose of the PPF assessment period and the member communication required. Write an email to the Chair outlining:
2. the parties involved in the assessment period and the timescale of the assessment period
3. the two key trustee responsibilities during the assessment period and the information provided in the trustee announcement issued when the scheme enters the assessment period

**25 marks**

1. Briefly describe:
2. how a scheme’s funding is assessed in order to determine if it can be accepted into the PPF
3. What are the options for a scheme where PPF entry is declined due to its funding level

**10 marks**