



**Pensions
Management
Institute**

Professionalism and Governance

April 2022

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This contains several short answer questions. Attempt **ALL** questions.

The total marks for this paper are 100.

1. You are the Pension Manager for a company with a defined benefit scheme which is closed to future accrual. There are 5,000 members, 2,600 of which are pensioners and dependants. The scheme has two sections, but no special benefits and no discretionary pension increases are awarded. After the 2020 valuation, funding has improved and the scheme is expected to meet its objective of self sufficiency within the next five years.

The Finance Director wants to explore options for reducing liability risk in the scheme and has asked you to prepare Technical Presentation Notes for the next Board meeting. Your presentation should include:

- a) A brief explanation of what a liability management exercise achieves (3 marks)
- b) The different types of liability management exercises, with their risks and benefits (26 marks)
- c) Considerations for both the employer and trustees (15 marks)
- d) Recommendations for next steps (4 marks)

(You are not expected to prepare the presentation slides)

(48 Technical Marks plus 12 Format/Communication Marks)

2. You are the Pensions Manager at a financial service provider with a large DB scheme. A close friend who is an ex-colleague has approached you because she is frustrated her transfer request is not being dealt with smoothly. When you look into the issue, your team have told your friend the transfer cannot proceed without her receiving registered financial advice. You know your friend is a financial adviser and it seems she is telling your team she does not need to go through this process as she can fulfil the requirement herself. What are your next steps?

- a) What are the relevant section(s) of the Code that could apply? (4 marks)
- b) Assess what your next steps should be. (9 marks)

(13 Marks)

3. You are the Client Relationship Manager at an Employee Benefit Consultancy whose largest client receives all services. The client is a sectionalised scheme with both DC & DB benefits. In preparing the quarterly administration report for the client, you find a number of errors, delays and breaches of disclosure deadlines affecting all sections of the scheme.

- a) What are the relevant section(s) of the Code that could apply? (3 marks)
- b) Comment on your next steps. (11 marks)

(14 Marks)

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4. You are a communication specialist at a large Employee Benefit Consultancy. Clients have been asking for guidance on what their members can and should do to protect themselves from pension scams.

Set out a short communication raising awareness of scams and what members can do to protect themselves, which clients can insert into a newsletter.

(13 Marks)

End of Paper