Core Unit 4

Financing and Investing for Retirement Provision

Assignment 1

*(Part 1 – Funding and Taxation)*

*Recommended Time: 1 hour*

1. What are “contract-based” pension arrangements and what types do employers typically operate?

**10 marks**

1. There are two ways in which tax relief on employees’ pension contributions operate. Describe the following:
2. Each method and how the two methods differ
3. The advantages of operating a salary sacrifice arrangement

**10 marks**

1. Payment of pension scheme benefits and other authorised payments are subject to tax. List the following:
2. The types of benefit payment where income tax is payable
3. 3 examples of authorised payments which attract a tax levy on the scheme

**5 marks**

1. Outline the key design features of the following occupational pension schemes and how each of these is funded:
2. DC scheme
3. DB scheme
4. Hybrid scheme

**15 marks**

1. How do employee pension contribution levels vary between pension arrangements?

**5 marks**

1. What were the main tax simplification changes that HMRC introduced from 6 April 2006?

**5 marks**