Registered office:

6th Floor

9 Appold Street

London

EC2A 2AP

T: +44 (0) 20 7247 1452

W: www.pensions-pmi.org.uk

**Core Unit 3 – Running a Workplace Pension Scheme**

Assignment 3 Notes

(Part 4 – Allowances)

Recommended Time: 2 Hours

1. **Outline the key features of a Pensions Savings Statement.**

**(5 marks)**

1. **Briefly describe Fixed Protection, Fixed Protection 2014 and Fixed Protection 2016.**

**List the circumstances that may give rise to an individual losing those protections and the information they must provide to HMRC when fixed protection is lost.**

  **(20 marks)**

1. **In relation to the Annual Allowance tax charge, briefly describe what is meant by “Scheme Pays”.**

**(5 marks)**

1. **Describe the key features of the Lifetime Allowance (LTA) and list the Benefit Crystallisation Events (BCEs) which would trigger a test of a member’s benefits against the LTA.**

**(20 marks)**

# Explain the Tapered Annual Allowance and provide an example of a tapered AA calculation.

**(10 marks)**

1. **The initial level of the Annual Allowance (AA) was £215,000, effective from 6 April 2006 (A-day).**

**Explain how the amount of the AA has changed since A-day.**

  **(10 marks)**

1. **Briefly outline how an individual’s pension rights are valued in order to determine whether they exceed the Lifetime Allowance, and provide a worked example.**

**(10 marks)**

1. **Describe the purpose and key features of the Pension Input Amount, in relation to the Annual Allowance.**

**(15 marks)**

1. **In relation to the Annual Allowance tax charge, briefly describe what is meant by “Scheme Pays”.**

**(5 marks)**