A picture containing company name

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Core Unit 4

Financing and Investing for Retirement Provision

Assignment 1

*(Part 1 – Funding and Taxation)*

*Recommended Time: 2 hours*

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

**15 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

**15 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

**10 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**

1. Compare and Contrast Tax Charges on Payments to Tax Charges on Investments.

**20 marks**

1. Explain why pensions are funded with particular reference to security, stability and cash flow, taxation, and Accounting Standards.

**15 marks**