Defined Benefit Arrangements

Assignment 1

*(Part 1 – Scheme Design and Part 2 – Day to Day Administration)*

*Recommended Time: 3 hours*

1. **Your Company uses its DB scheme for the purposes of automatic enrolment. A new employee has queried why they will be enrolled into the Company’s pension scheme without giving their consent. Outline how becoming a scheme member operates for automatic enrolment schemes and non auto enrolment schemes.**

**10 marks**

1. **You are an in-house pensions administrator for a logistics company. An operative has asked you to meet with him to discuss his options as he has health problems and is considering retiring early. He is aged 54, his Normal Pension Age under the scheme is 60 and the scheme was contracted-out.**

**Write an aide memoir for the meeting, covering the information you will give him about retiring early, including any key differences between early retirement and retirement at NPA.**

**20 marks**

1. **You are the Pensions Manager in a public sector organisation. You have been asked to provide a training session to new starters in the Pensions Department about the key features of public service pension schemes. Prepare a presentation for the training session.**

**20 marks**

1. **A member who has recently left pensionable service emails to advise you that they would like to transfer their benefits out of the scheme. Prepare a reply to the member explaining how transfer values are calculated, the information the member will be given and what information is required from the receiving scheme.**

**10 marks**

1. **You manage a scheme that offers DC AVCs and also includes a small, closed group of members who pay DB AVCs. The scheme auditor has asked you to explain the key objectives of the administration of DC AVCs and DB AVCs. Write a brief paper for the auditor providing this information and highlighting the key differences between the administration of DC and DB AVCs.**

**10 marks**

1. **You are a Pensions Consultant for a Company who is looking to reduce its pension scheme costs. Your client has asked you to outline the changes they could consider making to the structure of its final salary scheme. Write a paper outlining the options available, how these changes would reduce costs and the implications on member’ benefits.**

**20 marks**

1. **Outline the process of involved in an annual update of scheme records for active members.**

**10 marks**