Defined Benefit Arrangements

Assignment 2

*(Part 3 – Taxation and Governance of Defined Benefit Schemes)*

*Recommended Time: 3 hours*

1. **Outline how members are taxed on the authorised payments made from the scheme. In what way is this different to the taxation of other authorised payments?**

**20 marks**

1. **In your capacity as an appointed trustee adviser, the trustees have asked you to provide advice on how they can manage risk. Write a paper for the trustees, advising why risk management is necessary and outlining the various steps in the risk management process.**

**20 marks**

1. **What are the key principles of good governance?**

**5 marks**

1. **You are an in-house Pensions Manager and Secretary to the Trustees of the Company’s pension scheme. One of the member-nominated trustees has resigned. Briefly outline the considerations necessary when appointing a new trustee.**

**10 marks**

1. **The Company is concerned that its higher earning employees are at risk of incurring an annual Allowance Charge. Prepare a letter to the high earners explaining how the Annual Allowance operates and how the Tapered Annual Allowance could impact them from a taxation perspective.**

**20 marks**

1. **You are a Third Party Administrator. Your client has asked for information about the requirements of a Scheme Administrator in relation to the Overseas Transfer Charge when a member requests a transfer to a qualifying recognised overseas pension scheme. Write a short paper to send to your client.**

**20 marks**

1. **Give a brief summary on the legal requirements of Trustee Knowledge and Understanding**

**5 marks**