Defined Benefit Arrangements

Mock Examination

*Recommended Time: 3 hours*

1. You are the Pensions Manager in charge of an in-house administration team. You are preparing material for a short training session on AVCs. Prepare a short presentation covering:

* The key features of an AVC arrangement
* Why an active member may choose to pay AVCs

**20 marks**

1. You are a Scheme Actuary. A new trustee has asked you to provide information on the demographic assumptions used in a scheme valuation. Write a short paper outlining these.

**20 marks**

1. What is a “Shared Risk Scheme”?

**10 marks**

1. You are the consultant for a DB scheme. The trustees have asked you to discuss, at their forthcoming meeting, the key information relating to Event Reports. Prepare notes to take to the meeting.

**10 marks**

1. You are the investment consultant for a DB scheme. The trustees are considering implementing an LDI mandate. Write a paper to the trustees outlining:

* How LDI reduces investment risk
* The key components of an LDI strategy

**20 marks**

1. You are an administrator for a final salary scheme which allows members to commute up to 25% of their scheme pension for a PCLS. Describe:

* The process for a retirement from active status at NPA
* What the member’s retirement quotation must include

**20 marks**