

Unit 5

Calculate and Quote Pension Scheme Death Benefits for Members with Special Circumstances

The aim of this unit is to:

Understand 'Death Benefit' options where special circumstances apply and in accordance with all relevant guidance and legislation. The learner will then be able to apply this knowledge in the production of a 'death benefits' quote to the trustees or beneficiaries.

Unit Level	4	Unit Reference	H/618/6399	Credits	5
TQT	50	Unit Grading Structure	Pass / Fail		
Assessment Guidance	3.5 Hour written exam online				
Learning Outcomes – the learner will		Assessment Criteria – the learner can			
1. Be able to explain the scheme rules for each of the schemes used in the case study examinations covering the payment of death benefits	1.1	Use the correct personal details from the member's record.			
	1.2	Show the full range of requested options which are allowed based on the member's record and the scheme rules.			
	1.3	Apply scheme definitions accurately.			
	1.4	Consider and apply any supplementary and discretionary benefits where appropriate.			
	1.5	Apply all relevant legislation correctly in relation to death benefits.			
2. Demonstrate how to apply actuarial / revaluation factors	2.1	Set out calculations for each benefit option according to accepted procedures.			
3. Show the benefit options in an approved format and in accordance with accepted procedure	3.1	Carry out calculations manually for each benefit option without arithmetical errors.			
	3.2	Show when lump sum benefits are payable at the trustees' discretion or to the deceased member's estate / legal personal representatives.			
4. Be able to explain the effects of overriding legislation on the benefits and options payable (taking into account regulations and requirements of HM Revenue and Customs and the Department for Work and Pensions)	4.1	Calculate and provide information in accordance with regulations imposed by HM Revenue & Customs and the Department for Work and Pensions, as appropriate			
5. Explain what information and documentation is required before the scheme can settle the benefits	5.1	Write a letter to the beneficiary, sponsor or trustee and quote benefits which match your calculations.			
	5.2	Show the benefit options in an approved format and in accordance with accepted procedure.			
	5.3	Detail any supplementary and discretionary benefits.			
	5.4	Provide complete and accurate information to accompany the quotation and requested payment details.			
	5.5	Give instructions to the addressee on the response you require.			

Guidance:

On successful completion of this unit, learners will know and understand:

- The scheme rules for each of the schemes used in the case study examinations covering the payment of death benefits
- How to deal with supplementary and discretionary benefits
- The effects of overriding legislation on the benefits and options payable (taking into account regulations and requirements of HM Revenue & Customs and the Department for Work and Pensions)
- How to deal with Guaranteed Minimum Pensions, contracting-out requirements and conditions for payment
- How the benefit is comprised – (refund of contributions, lump sum (life assurance / 5 year guarantee) and spouse's pension (including child pensions)
- How to apply actuarial factors
- How to apply statutory increases on deferred pensions for the period between date of exit and date of death
- How to apply statutory increases on pensions in payment
- The Disclosure requirements
- The distinction between giving financial information and financial advice (in accordance with the latest Financial Services and Markets Act)
- The distinction between paying lump sum benefits at the trustees' discretion or to the deceased member's estate / legal personal representative(s)
- What information and documentation is required before the scheme can settle the benefits

In meeting the performance criteria, learners must demonstrate that they can:

- Identify and apply scheme rules and definitions for all of the following:
- Final salary (including contracted out and non-contracted out categories of benefit)
- Career average revalued earnings (CARE)
- Money purchase

Take into account all of the following supplementary and discretionary benefits:

- Split rates of accrual
- Part-time service
- Transferred-in benefits
- Additional voluntary contributions
- Augmentations

Set out and provide fully worked manual calculations for all of the following death

benefits:

- Refund of contributions
- Lump sum (life assurance / 5-year guarantee)
- Spouse's pension

Set out and provide fully worked manual calculations for all of the following death benefit scenarios:

- Death in service
- Death in deferment
- Death in retirement

Identify when lump sum benefits are payable:

- At the trustees' discretion
- To the deceased member's estate / legal personal representative(s)

Determine the options open to members taking into account all of the following:

- The member's record
- Scheme rules
- Relevant legislation

Use the calculations from one of the case studies completed to write a letter to the beneficiary, sponsor or trustee. This letter must be a standard letter of response – NOT single bullet points.

EXPLANATION - Calculations could include the recalculation of benefits to ensure minimum contracting-out requirements are met or suggestions for a suitable course of action if Lifetime Allowance limits have been exceeded.