

## Unit 2

### Calculate and Quote Pension Scheme Leaver Benefits for Members without Special Circumstances

The aim of this unit is to:

Understand 'Leaver Benefit' options within normal circumstances and in accordance with all relevant guidance and legislation. The learner will then be able to apply this knowledge in the production of a 'leaver benefits' quote to the scheme member.

Unit Level	3	Unit Reference	R/618/6396	Credits	3
TQT	38	Unit Grading Structure	Pass / Fail		
Assessment Guidance	3.0 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 leaver 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	Apply all relevant legislation correctly in relation to leaver benefits.			
2. Demonstrate how to apply revaluation factors and how to calculate tax for refunds	2.1	Set out calculations for each leaving 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 leaving option without arithmetical errors.			
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 member, sponsor or trustee and quote benefits which match the calculations.			
	5.2	Show the benefit options in an approved format and in accordance with accepted procedure.			
	5.3	Provide complete and accurate information to accompany the quotation and requested payment details.			

## **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 leaver 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 to calculate tax on refund calculations
- How to apply statutory increases on deferred pensions for the period between date of exit and normal retirement date
- The Disclosure requirements
- The distinction between giving financial information and financial advice (in accordance with the latest Financial Services and Market Act)
- What information and documentation is required before the scheme can settle the benefits (particularly in relation to refunds)

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

### **Set out and provide fully worked manual calculations for all of the following:**

- Members leaving employment
- Members opting out of the scheme

### **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 member, 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.