**Introduction to Occupational Schemes**

**Test**

1. Which schemes are usually linked to an employee's salary as they approach retirement or leaving date and are usually known as final salary schemes?

1. Defined Benefit
2. Defined Contribution
3. Occupational
4. Self Investment

2. Which schemes linked to the size of an employee's fund at retirement and are commonly called money purchase schemes.?

1. Defined Benefit
2. Defined Contribution
3. Occupational
4. Self Investment

3. All employees who are members of an occupational pension scheme can choose to do which of the following? (choose three)

1. Choose the expected level of retirement benefit
2. Opt out or remain in their employer's scheme
3. Opt to rely on the State pension and benefit system
4. Select additional or alternative methods of retirement provision
5. Take early retirement as and when they like

4. Are the following statements true or false?

1. Early leavers from a defined benefits scheme who cease to be members before their NRD because their employment or membership has ended, are entitled by law to benefits at retirement if they have two or more years of qualifying pensionable service.
2. In defined contribution schemes any leaver's benefits must increase during the period of deferment by 5% or the Consumer Prices Index.
3. If someone continues to work after NRD they should normally be given the option to continue any contribution.

5. Fill in the blanks

Most defined benefit or defined contribution schemes provide benefits on death in service. As a minimum this is generally \_\_\_\_\_\_\_(a)\_\_\_\_\_\_ which is a multiple of the member's \_\_\_\_\_\_(b)\_\_\_\_ at the date of death.

Choose one answer for each section to complete the statement.

a) An Annuity

A Lump Sum

A Tied Property

b) Contribution

Salary

Service

6. Which of the following is a hybrid scheme?

1. A defined benefit scheme
2. A defined contribution scheme
3. A defined contribution scheme underpinned by a defined benefit framework
4. A career average scheme

7. Which of the following best describes a career average scheme?

1. Benefits are based upon the average of the last three years salaries before retirement
2. Benefits reflect the average earnings over a full career
3. Benefits are based upon the average pay of all scheme members
4. Benefits are based upon the average pay of the member's colleagues at the same employment level as him/her