



Defined Benefit Arrangements

Assignment 3

(Part 3 – Taxation and Governance of DB schemes)

Recommended Time: 3 hours

1. You are a senior administration manager and you will be training a junior colleague on the key aspects of the lifetime allowance and how protection against the lifetime allowance works.

Draft some notes which you can refer to and give to your colleague for future reference that explain the lifetime allowance and the purpose of primary protection, enhanced protection, fixed protection 2012, fixed protection 2014, fixed protection 2016, individual protection 2014 and individual protection 2016.

20 marks

2. You are the administrator for a DB scheme. A member has written to you asking you to explain what the annual allowance is and how they can test their benefits against this allowance.

Draft some notes that describe the points that you would cover in your reply to the member.

20 marks

3. You are the Scheme Administrator for the Colourboxx Scheme. Prepare short notes outlining the circumstances under which the scheme would pay a 40% tax charge; the "Accounting for Tax" requirements and the consequences of submitting an event report late.

20 marks

4. Outline the key responsibilities of trustees under trust law.

5 marks

5. Outline three changes introduced by the Pensions Act 1995 or the Pensions Act 2004 which have impacted on the way in which pension schemes are managed, explaining how you think each change has had a positive influence.

5 marks

6. Outline the stated objectives of the Pensions Regulator and three ways in which it seeks to influence the behaviour of trustees and employers, giving examples of each.

5 marks



7. Explain the purpose of the Pension Regulator's Codes of Practice and guidance and outline the key elements of the Code of Practice on Trustee Knowledge and Understanding.

5 marks

8. You have been contacted by the Chairman of Trustees of a small DB scheme who wishes to review the scheme's governance framework and make recommendations as to any areas where changes would be beneficial. As a first step in this process he has asked for a summary of the key areas which need looking at together with a note of what would constitute good practice in each case for a scheme of this type. Produce a draft response in letter format for issuing to the Chairman of Trustees.

20 marks