



Pensions
Management
Institute

ACHIEVING PENSIONS EXCELLENCE

Study Manual

Professionalism

2020
Edition

The Pensions Management Institute (PMI)

Founded in 1976, the Pensions Management Institute (PMI) is the UK's largest and most recognisable professional body for employee benefit and retirement savings professionals, supporting over 6,500 members in 32 countries.

PMI's members, represented in 8 regions, are responsible for managing and advising some of the largest institutions in the world accounting for £1trillion invested in pensions. We promote excellence through a range of services for the benefit of members, the wider economy and with over six million now saving as a result of automatic enrolment, society as a whole.

The purpose of the Institute is *“To set and promote standards of excellence and lifelong learning for employee benefits and retirement savings professionals and trustees through qualifications, membership and ongoing support services”*.

To achieve this, PMI:

- **Promotes** and embeds professional standards, setting the benchmarks for best practice
- **Produces** qualifications that have a reputation for excellence and ensure that employee benefits and retirement savings professionals, whether they are scheme managers, consultants, administrators or trustees, are educated to the very highest standards and the latest legislation
- **Provides** continued lifelong learning designed to strengthen the knowledge and skills of employee benefit and retirement savings practitioners in performing to the best of their ability
- **Plays** a pivotal role shaping the industry, working with Government and collaborating with other bodies on research and thought leadership on key issues
- **Presents** an annual conference and a wide range of technical seminars from entry-level to those for highly experienced professionals
- **Provides** industry-leading insight, including PMI News, PMI TV, Expert Partner insights, newsletters and blogs to keep practitioners abreast of the very latest developments in a rapidly-changing industry
- **Proactively** has a voice in mainstream and social media with a presence on Twitter and LinkedIn

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PROFESSIONALISM

PMI was formed in 1976 to promote professionalism amongst those working in the field of pensions. Today, we are acknowledged as the institute for pensions professionals. We have developed study and examination facilities leading to a nationally recognised qualification – the Advanced Diploma in Retirement Provision. This embraces all aspects of law and practice relating to the management of workplace pension arrangements. The Advanced Diploma is a comprehensive and in-depth qualification for retirement benefit professionals. It is the qualification component for Associateship (APMI) of the Pensions Management Institute (PMI).

The structure of the Advanced Diploma was comprehensively revised for first examination in 2016. This revision was to ensure that the syllabuses were up to date and the qualification continues to meet the needs of users. The Advanced Diploma framework comprises five core units and seven specialist units. To complete the Advanced Diploma students will need to complete eight units as set out below.

The foundation of the qualification is formed of four core units. These compulsory units cover all aspects of retirement provision in the UK, including regulation, administration, financing and investment. There is an additional option covering international employee benefits. The core units are assessed by a two hour examination. The core units are then followed by specialist units. Students choose either, or both, of the Tier 1 specialist units - Defined Benefit Arrangements or Defined Contribution Arrangements as most appropriate for them. Depending whether both or just one of the Tier 1 specialist units are selected either one or two further specialist units can be selected from the Tier 2 specialist options including Reward, Retail Pensions or International Employee Benefits. These choices allow the students to select those areas that best fit their current work or future career aspirations. Finally the Professionalism and Governance Unit must be completed by all Students. All of the specialist units are assessed by 3 hour written examinations.

There are several Diploma level qualifications comprised of units from within the structure of the Advanced Diploma for those who do not want or need to complete the Advanced Diploma. These have also been revised as part of the changes to the Advanced Diploma.

The Diploma in Retirement Provision (DRP) includes all four UK focussed core units and either of the Tier 1 specialist units (Defined Benefit Arrangements or Defined Contribution Arrangements). The DRP would be completed by all those who proceed to complete the Advanced Diploma.

The Diploma in Employee Benefits and Retirement Savings (DEBRS) is ideal for those who need to understand pensions in the wider savings and employee benefits context, and consists of two of the core units and the Tier 2 specialist Reward unit.

The Diploma in Regulated Retirement Advice (DRRA) consists of two Tier 2 specialist units: Taxation, Retail Investment and Pensions; and Retail Advice and Regulation. It is an appropriate qualification for the FCA regulated activity “Advising on Packaged Products” which includes pensions and retirement planning and advising on pensions transfers.

The Diploma in International Employee Benefits (DipIEB) consists of the two internationally focussed units: the Foundation in International Employee Benefits core unit and the Tier 2 specialist unit - Managing International Employee Benefits. These units have been developed in partnership between PMI and the International Employee Benefits Association.

Those who wish to complete the Advanced Diploma can opt to take the units that comprise the DRP, DEBRS, DRRA and/or DipIEB on the way to becoming Associate Members of PMI. Alternatively, those who only wish to sit those Diplomas can become Diploma Members of PMI on completion.

PROFESSIONALISM FOREWORD

There are many benefits to be gained from studying for, and attaining, these qualifications. These include the body of knowledge and understanding gained and its application to practical situations, a demonstrated commitment to learning and development, and enhanced status, confidence and opportunities for career progression.

Undertaking this rigorous professional qualification places demands on students and we are committed to supporting studies with quality learning provision. Under the banner “Shaping the pensions professionals of tomorrow” we are delighted to be working with some of the UK’s leading companies and firms within the pensions industry who have taken on the role of study support partners. In each unit the study material comprises a study manual and access to a web-based distance-learning course designed to prepare students for the examinations.

Professionalism and Governance seeks to provide an understanding of the importance of professionalism, ethics and continuing their own professional development and to provide an appreciation of risk and governance issues as they apply to pension schemes, and to enable candidates to demonstrate their ability to apply risk and governance principles in a practical situation and that they can communicate their knowledge in a way that is relevant to their audience. PMI is delighted to be working with Trustee Solutions as the study support partner for this unit.

Further details on the other units that comprise the Advanced Diploma and the work of the PMI can be found on the website. We hope you will enjoy studying for the Advanced Diploma. We welcome feedback and this should be directed to the Qualifications Department at PMI, e-mail: qualifications@pensions-pmi.org.uk

PROFESSIONALISM OVERVIEW

This manual is designed to cover the syllabus items relating to professionalism, namely items 1-3 from the Professionalism and Governance syllabus. Items 4-9 being covered in the separate Governance manual. Further details can be found in the test specification for this unit.

As a member of the Pensions Management Institute (PMI), professionalism must underpin our conduct in business activity. This course and associated materials is designed to provide you with a greater understanding of how ethics and professionalism are exhibited in business today.

All those conducting business as a member of the PMI are expected to exhibit the highest level of ethics and professionalism. The principles that the PMI values and that all our members should adhere to are set out in the PMI's Professional Code of Conduct (the Code).

It is important that all PMI members abide by the Code and exhibit the highest professional standards. The Code can be summarised as:

- Acting with the highest standards of professionalism and integrity
- Providing a high standard of service
- Acting in the best interests of each client
- Treating people fairly regardless of race or racial group, gender or sexual orientation, religion or belief; age and disability.

The content of the Code is provided within this manual for ease of reference although it can also be found on the PMI website.

“Professionalism” can be defined as “the conduct, aims or qualities that characterise or mark a professional or a professional person.” Professionalism plays an important role in how a person is perceived by their employer, colleagues and actually, by every person with whom they interact. It can have a profound impact in only a matter of minutes. Professionalism allows for heightened respect from those you work with, thereby allowing for improved lines of communication and potentially increased trust. A person known for maintaining a level of high ethical and professional standards is typically highly valued.

Confidentiality is critical component to professionalism. This is the case whether dealing with employee investigations, or working with clients. Confidentiality is key to organisational risk management, and both personal and professional liability. Maintaining a confidence can be particularly challenging when and if certain information is required to be shared among many people. A true professional knows the importance of, and liability of maintaining confidential information within the context of every business and/or personal situation.

The manual contains a number of case studies for you to consider and review to develop your own approach to professionalism and to help you understand how to react in particular situations. They cover a range of different situations and scenarios to reflect the breadth of issues that emerge to confront the pensions professional. Case study notes are available in the Appendix. The case studies are designed to be thought provoking.

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PROFESSIONALISM SYLLABUS

Aim:

To provide candidates with:

- an understanding of the importance of professionalism and ethics
- the importance of continuing their own professional development
- an appreciation of risk and governance issues as they apply to pension schemes,
- the opportunity to demonstrate their ability to apply risk and governance principles in a practical situation
- evidence that they can communicate their knowledge in a way that is relevant to their audience.

1. **demonstrate an awareness** of the Professional Standards expected of PMI Members as set out in the PMI Code of Professional Conduct.

explain the importance of the following:

- *acting with the highest standards of professionalism and integrity*
- *providing a high standard of service*
- *acting in the best interests of each client*
- *treating people fairly regardless of race or racial group, sex or sexual orientation, religion or belief; age and disability*

2. **demonstrate an understanding** of the importance of continuing personal development (CPD)

explain each of the following:

- *Trustee Knowledge and Understanding (TKU)*
- *continuing professional development and the requirements of the PMI and other professions*

3. **demonstrate an understanding** of professionalism and business ethics

explain the importance of the following:

- *corporate culture*
- *dealing with complaints*
- *conflicts of interest*
- *ethical dilemmas - identification, implications and appropriate behaviour*
- *whistle-blowing legislative requirements and the protections given to whistle blowers*

4. **explain** the commercial aspects of operating a workplace pension scheme

analyse each of the following:

- *nature of costs*
- *cost control*
- *budgeting*
- *contracts management and agreements*

5. **demonstrate an understanding** of the management and measurement of service delivery

explain each of the following:

- *selecting, monitoring and changing advisers*
- *managing client relationships*
- *service level agreements*
- *type, role and value of performance measures*
- *reporting*
- *contract remedies*
- *quality management systems and kite marks*
- *benchmarking*
- *member and client surveys*
- *complaint/dispute resolution*

PROFESSIONALISM SYLLABUS

6. **demonstrate an understanding** of the importance of good governance in managing a workplace pension scheme
- explain* the features of scheme governance
- outline* the roles of the employer, trustees, providers, and employer and provider governance committees
- outline* the importance of:
- risk management
 - member communication and engagement
 - investment and manager selection
- evaluate* each of the following:
- structures/governance committees
 - internal controls
 - scheme documents including
 - governance statement
 - annual business plan
 - training records
 - documentation and record keeping
 - relevant Pensions Regulator Codes of Practice and guidance
 - data quality
 - selection, management and review of advisers and providers
 - recognised industry standards e.g. ICAEW's AAF 01/06, FRAG 21 reports
7. **outline** factors taken into consideration when selecting, monitoring and changing investment managers
- explain* each of the following:
- identifying investment requirements
 - manager selection processes
 - custody and title of assets
 - fee structures
 - setting investment performance targets
 - ethical and socially responsible investment
 - investment management agreements
 - administration
 - transition management
 - monitoring investment performance and governance
8. **demonstrate an understanding** of internal controls
- describe* internal controls
- explain* why internal controls are required
- describe* the assessment of risk
9. **explain** the role of the trustees in managing risk
- outline* the process of governance review/risk management
- outline* preparation and management of a risk register
- identify* how to mitigate risk
- analyse* the nature of de-risking
- analyse* the role of the TKU requirements

The 14 case studies in this Chapter are designed to be thought provoking and help you to consider;

- Responsibility for your own actions, decisions and obligations
- The roles and responsibilities of other stakeholders and parties and your accountability to them
- The additional information required to support informed decision making and the various factors that need to be taken in to account
- The actions, policies, and procedures which support high standards for conduct and professionalism
- The impact of compliance whether with legislation or internal policies
- How you interact with other pensions professionals

To assist you in your analysis of each case study set out below are some questions for consideration (as appropriate to the case study)

Questions

- What issues do you need to take in to consideration?
- What other information might you need in order to decide how best to progress this?
- Who do you think are the key stakeholders to consider?
- What would you propose as next steps (and timescale) in order to put things right?
- What do you tell your client/the trustees including your proposed next steps?
- How would you re-plan or engage differently with third parties/suppliers?
- What do you tell your manager?
- What compliance related issues are there to take into account?
- What do you do in relation to compliance issues?
- What considerations would need to take into account in terms of risk management?

PART 1 PROFESSIONALISM CASE STUDIES

CASE STUDY A

You are the Client Relationship Manager for a medium sized firm of Benefit Consultants providing third-party administration, pensioner payroll, actuarial consulting and benefit advice to a range of Defined Benefit (DB) and Defined Contribution (DC) clients. You are responsible for the delivery of some or all of these services to a range of clients of differing benefit structures and sizes.

You are preparing for your regular quarterly meeting with the trustees of your largest client who is one of your employer's most prestigious DB clients. This client uses all the services your firm provides, including benefit administration and pensioner payroll. In preparing for your meeting you discover that:

- In 13 cases deferred benefit statements have been issued four months after the member left the pension scheme;
- In three cases pensioners have died leaving spouses, no-one from your firm has written to the surviving spouse, nor have benefits been calculated or set up on the payroll. One pensioner died five weeks ago, one six weeks ago and the other eight weeks ago.
- In one case a pension has been calculated incorrectly, and is being paid at the incorrect rate. This has resulted in the pensioner being overpaid by £50 per month (before tax). This over payment has been known about for four months but nothing has been done about it.

NOTES

PART 1 PROFESSIONALISM CASE STUDIES

CASE STUDY B

You are the Benefit Consultant for a Defined Benefit (DB) scheme and have overall responsibility for the delivery of all services to your client including administration, investment consulting and actuarial advice.

The Scheme Actuary recently left your organisation and, after a selection process, the trustees have appointed another actuary from your organisation to fulfil this role. The Trustees are much happier with the new appointment as they fed back that they never felt confident with the previous incumbent.

As part of the due diligence being undertaken by the new Scheme Actuary, he discovers that there is uncertainty as to whether the correct level of pension increases have been applied for a period of almost 15 years.

This potentially has implications for administration but also there is the risk that liabilities have been funded on an incorrect basis in the past.

This comes as a bit of a blow as you feel that the relationship with the client is improving and that a period of stability is required in order to ensure you retain this contract.

NOTES

PART 1 PROFESSIONALISM CASE STUDIES

CASE STUDY C

You are the Client Relationship Manager for a medium sized firm of Benefit Consultants providing third-party administration, pensioner payroll, actuarial consulting and benefit advice to a range of DB and DC clients. You are responsible for the delivery of some or all of these services to a range of clients of differing benefit structures and sizes.

You are preparing for your regular six-monthly meeting with the trustees of your largest client who is one of your employer's most prestigious DC clients. This client uses all the services your firm provides, including benefit administration and member self service via the web. In preparing for your meeting you discover that:

In 13 cases you have not written to members prior to their retirement date.

In three cases members have made a switch online but there has been a system failure and the switch has not happened. One member switched five weeks ago, one six weeks ago and the other eight weeks ago. The change in unit prices means that members may have lost out.

In addition, you are aware that the trustees have recently appointed a new Benefits Manager to replace the previous incumbent who retired some nine months ago and who was very easy going. This is, because of the timing of the new Benefits Manager taking up her post, your first meeting with her. You know that she is an experienced pension manager. The new Benefits Manager has instigated a programme of reviewing the appointment of all the trustees' advisers, and you know that your firm's appointment is the first to be reviewed. At the same time your firm's profitability is being squeezed and you know that if your firm were to lose this client there would be redundancies, although your own position is secure.

You do not have line management responsibility for the team responsible for the errors.

There is no Service Level Agreement in place and the trustees have never asked for one.

The scheme in question has 3,500 active members and 3,000 deferred members

NOTES

PART 1 PROFESSIONALISM CASE STUDIES
CASE STUDY E

You are the assistant pension manager for a large DB scheme. The trustees of the scheme have put in place a number of projects to support their derisking strategy and have made you responsible for management and delivery of those projects.

Your employer operates a bonus scheme and the payment and amount of the bonus is conditional on you meeting your objectives. You must meet or exceed the required performance standards to qualify for your bonus.

Your objectives focus on the delivery of these derisking projects.

In your role as project manager you are expected to manage all the suppliers and advisors to timescales and quality.

You are three months into the six month project and falling behind. Your performance review is due in three months.

Whilst there have been minor delays with some of the stakeholders and providers, you recognise that you have also contributed to the delays.

NOTES

PART 1 PROFESSIONALISM CASE STUDIES
CASE STUDY F

You are a service delivery manager for a large third party administration provider.

You look after only one client which is your employer's largest scheme and is a large mature DB scheme that was outsourced to you 3 years ago.

The scheme has retained a small in house team and the assistant pension manager is responsible for managing the outsourced relationship. This individual was previously the administration manager when the scheme was administered in house.

As a consequence of some data cleaning activity you have identified a case that should have given rise to an unauthorised payment charge because of a delay in settling the benefits but was never included on the event report. The error occurred prior to the administration being outsourced.

You have prepared a timeline which shows that the assistant pensions manager was heavily involved in this case, contributed to the delays and also the failure to report to HMRC.

In your discussions with the assistant pension manager they appear to be suggesting that this case be 'swept under the carpet' and implied that there may be some personal gain for you in doing that.

NOTES

PART 1 PROFESSIONALISM CASE STUDIES
CASE STUDY G

You work for a consultancy and appointed as secretary to a board of trustees who are currently going through a process to appoint a new legal adviser.

The process is being managed by the procurement team at the organisation and their focus is solely around cost.

The scheme is long standing and the importance of the historical knowledge which the current incumbent has is not to be underestimated.

You are not part of the decision making panel but you have identified that there is a risk to the trustee board and the running of the scheme if the decision is made purely on cost.

You raised this concern to a member of the procurement team over lunch at one of the selection meetings and was told not to get involved as the husband of the procurement adviser is employed by the firm of potential legal advisers offering the lowest price.

NOTES

PART 1 PROFESSIONALISM CASE STUDIES
CASE STUDY I

You are a third party administrator and your client is a large DB scheme where the employer is involved in financial services. As a consequence, the scheme has a number of members who are registered Independent Financial Advisers (IFA).

You have been working with a member who has now elected to transfer out but their transfer value is in excess of £30,000 so they need to obtain appropriate financial advice before the transfer can proceed.

The member is challenging you as they believe they should be able to effectively meet the advice requirement themselves as they are a registered Independent Financial Adviser.

How would you proceed?

NOTES

PART 1 PROFESSIONALISM CASE STUDIES
CASE STUDY M

You are a trainee in your second year of training within a small office. A more senior trainee has been on sick leave, and you are due to go on study leave prior to your exams. You have been told by your manager that, before you go on leave, you must complete a complicated project. The deadline suggested appears unrealistic, given the complexity of the work.

You feel that you are not sufficiently experienced to complete the work alone. You would need additional supervision to complete the project to the required standard, and your manager appears unable to offer the necessary support. If you try and complete the project within the proposed timeframe but fail to meet the expected quality, you could face repercussions on your return from study leave. You feel slightly intimidated by your manager, and also feel pressure to do what you can for the office in what are challenging times.

NOTES

PART 1 PROFESSIONALISM CASE STUDIES
CASE STUDY N

You are a sole practitioner who used to provide a range of services for a small local company (Company A). Following a brief retendering process, Company A has chosen to appoint an alternative firm. Both you and other firms had been asked to tender for a range of services including participation in a due diligence exercise in respect of the intended purchase of another company (Company B) in a nearby town. You believe that you were unsuccessful in the tendering process on the basis of cost alone. Company A is not very profitable and has been suffering from competition from Company B.

You provide cover services for another local sole practitioner who has been seriously ill for a few months and is not expected to return to work for another couple of months. You have been providing services on his behalf to a number of his clients. One of his clients, Client C, has asked you to arrange a meeting to discuss a business venture he is considering. At the meeting Client C discloses that he intends to make an offer for Company B – the same company that Company A is seeking to acquire. Client C is aware that there is another bidder for Company B but is unaware that it is Company A, or that Company A used to be your client.

When the meeting is over, you start to feel uneasy. You want to help Client C and the sole practitioner for whom you are providing cover but you realise that you are also in possession of confidential information concerning Company A’s plans, problems and motivation for wishing to acquire Company B.

NOTES

Membership of the Institute is a privilege and the disciplines and standards of behaviour expected of members must uphold the reputation of the profession and the Institute. This reputation could easily be marred by the shortcomings of a few members. The interests of employers and customers of those members whose business is that of offering advice or providing services must also be protected. The Board therefore believes that members will welcome guidance upon matters of a professional nature and issues this Code of Professional Conduct which represents those standards which can be expected to be the minimum necessary to uphold the professional integrity of members.

To a certain extent, professional conduct depends on basic attitudes and morality. No code can cover every set of facts and circumstances. Moreover, one danger of attempting to set a code is that anything that is not specifically forbidden may come to be regarded as permissible - this is not the case. One of the fundamental principles applying to a member is that s/he observes the spirit as much as the letter of the Code of Professional Conduct. The hallmark of a true professional is his/her honesty, integrity, independence and impartiality.

Without prejudice to these general requirements, the following standards apply to all members.

1. Members must at all times conduct themselves in a manner consistent with the good reputation of the profession and of the Institute. This includes:

- a observing the governing instruments of the Institute as set out in its governance document
- b acting in compliance with all relevant statutory, regulatory and other legal requirements
- c recognising any other professional customs or practices, whether or not constituting legal requirements, including the guidelines or codes of conduct of other professional or regulatory bodies, which affect them or those with whom they have contact during the course of their work
- d acting objectively in all work they undertake, observing high standards of integrity and fair dealing

- e conducting their professional work with proper regard to the technical and professional standards expected of them
- f not accepting or offering gifts, hospitality or services which could, or may appear to, imply an improper obligation

2 Members must:

- a not mis-represent their membership of the Institute or claim that they have qualifications which they do not hold
- b ensure that any advertisement or other public announcements with which their names or qualifications are associated will not bring the Institute into disrepute
- c ensure that it is clear that they are professionally responsible for any advice which they give or services which they provide and that they can be identified as the source of the advice or services
- d not act in situations where they have insufficient relevant experience except in co-operation or with the guidance of a suitably qualified and competent person

3 Members who, in particular situations, describe the advice or services they offer as independent, where the use of the word independent is not defined by regulation or law, must be free and seen to be free of any influence which might limit or affect the content or scope of their advice or services.

4 When dealing with a customer or client, members must:

- a take all reasonable steps to obtain all the information necessary to form a judgement
- b take into account the best interests of the customer or client before making any recommendations
- c behave in a manner consistent with the obligation to act impartially
- d disclose any constraints that could affect or appear to affect the nature or scope of their advice
- e respect confidential information from any source and not use such information for personal or professional advantage

PART 2 PROFESSIONALISM

PMI CODE OF PROFESSIONAL CONDUCT

f treat people fairly which means observing equality and diversity laws, challenging and reporting unlawful or unfair discrimination and, where possible, adapting facilities to accommodate customers with disabilities or specific requirements

5 Members must co-operate with the disciplinary panel if called upon to do so in an open, clear and co-operative manner.

6 Members are expected to:

- a take every appropriate opportunity to improve their professional knowledge and comply with the annual continuing professional development regulations
- b conduct themselves with courtesy and consideration towards all persons with whom they come into contact in the course of their professional work
- c encourage awareness amongst all of those with whom they are involved in the course of their work that members of the Institute are bound by this Code of Professional Conduct
- d support and encourage the work of the Institute in developing and maintaining both this Code in particular and the highest professional standards in general
- e encourage others to attain their professional qualification and support their development
- f where appropriate, demonstrate a willingness to work as part of a team and not in isolation

Any complaint of misconduct by a member made to or raised by the Institute will be processed in accordance with the governance document. Any member who is in doubt as to the steps which should be taken in a particular case where professional conduct is in question, or any member who would like the advice of a senior member of the Institute on professional conduct, should communicate with the Head of Professional Standards.

PROFESSIONALISM

APPENDIX CASE STUDY NOTES

The notes in this appendix outline some of the key principles and processes that could be considered when attempting to identify, assess and resolve the ethical dilemmas within the case studies. The case studies are only illustrative and cannot cover every possible circumstance.

IMPORTANT NOTE

These notes are intended to assist students preparing for the examination. As such the case studies provide examples of issues that can arise to confront a pensions professional and the notes provide an indication of the factors that could be considered in dealing with them. Consequently, these case studies and the issues illustrated and the factors to be considered, are likely to be more complex and challenging than those that may appear in the examination. There are often different ways to address the issues and different solutions to them. There may be no completely right or completely wrong approaches. Inevitably, such matters require careful consideration of the facts and the circumstances and the exercise of sound judgement. Whilst the notes highlight specific standards in the PMI Code of Professional Conduct no code can cover every set of facts and circumstances. Professionals should observe the spirit as much as the letter of the Code of Professional Conduct

This is the essence of professionalism.

Students should consult the test specification and the relevant assignment questions and accompanying notes in the online learning programme, for further detail on the type and format of questions that may arise in the examination itself.

CASE STUDY A

- Check with the team providing the services that there are no other cases affected by these issues
- Check whether the issues that you have been made aware of are indicative of problems on the team and that there may be other work that is known to be late/incorrect
- Ensure any internal process for complaints, errors and omissions is followed and notify your manager and also the operational management of the team providing the services
- Inform the client as soon as you are aware and explain that you are investigating the position to ensure that no other members are affected
- Provide a timescale when you will go back to the client with your findings
- If for any reason that deadline cannot be met inform the client and keep them updated on progress
- Be prepared to cover this in the quarterly meeting – having as many facts at your fingertips in preparation for that meeting will be important.
- The team may be defensive so it will be important to help and support them through the process to ensure that any report to the client includes all the known service issues. Coming back with additional issues shortly afterwards could potentially be more damaging to the relationship
- In the report highlight any known compliance issues e.g. if disclosure has been breached in the case of the late deferred benefit statements or if continuing to knowingly overpay a pension has given rise to an unauthorised payment
- Your report should, as a minimum set out the following for each issue identified:
 - Why the problem has occurred
 - The scope of the problem e.g. how many members are affected, amounts if appropriate, current status
 - Your proposed solution taking into account the perspectives of all stakeholders. Points to consider are:
 - The circumstances of the members
 - Appropriate apologies and the impact on the individual members
 - The response of the trustees and whether any breaches should be considered reportable
 - Any potential loss, whether to reclaim and responsibility for making good any loss
 - Any contractual obligations that may have been breached
 - Possible reputational damage
 - What steps have been or are being taken to prevent recurrence
 - How you will keep your client informed of progress with any rectification, change to processes and so on.
- Depending on the past history of service on the scheme and your own organisation's approach to risk management it may be necessary to add the client to any risk register

The relevant standards of the Code of Professional Conduct are:

1b acting in compliance with all relevant statutory, regulatory and other legal requirements

1e conducting their professional work with proper regard to the technical and professional standards of them.

CASE STUDY B

- The potential implications of this are significant and can impact on all stakeholders:
 - Members - may be receiving the wrong amount of pension
 - Beneficiaries - death benefits (lump sums/pensions) may have been incorrectly calculated and over/under paid
 - Trustees - not meeting their duty to pay members the correct level of benefit
 - Trustees - may have been making their funding decisions based on an incorrect assessment of the liabilities
 - The employer - may have been over or under funding the scheme
- A first important step is to report the issue and seek guidance from the individual or team in your organisation responsible for compliance and errors and omissions
- You should also alert your line manager at the same time
- As part of the reporting process it will be important to understand why you believe the problem has occurred e.g. is it an error in a computer program or incorrect interpretation of scheme rules
- The initial analysis should also seek to identify if all scheme pensioners are affected or only one or more discreet groups
- An audit of the scheme documentation, past practice and the calculations by someone independent may be useful as potentially would a discussion with the team
- The steps to be followed thereafter will depend on the outcome of that review, the advice from any internal legal or compliance department, the reason for the issue and the extent to which your organisation is responsible
- Taking all the above into consideration, it will be important to inform your client that there may be an issue however you should do this only when advised to do so by your compliance team or line manager and be prepared for the fact that you may be asked to manage this in a specific way depending on the potential severity of the issue
- It is important to bear in mind that you may need the help of the client in resolving this, for example, they have an important piece of documentation which is missing from your archives but which in fact confirms that past practice is correct,

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CASE STUDY C

- Check with the team providing the services that there are no other cases affected by these issues
- Check whether the issues that you have been made aware of are indicative of problems on the team and that there may be other work that is known to be late/incorrect
- Ensure any internal process for complaints, errors and omissions is followed and notify your manager and also the operational management of the team providing the services (you are not their line manager)
- Inform the client as soon as you are aware and explain that you are investigating the position to ensure that no other members are affected. Although you want to create a good first impression with the new Benefits Manager it is important that you are open and honest with her.
- Provide a timescale when you will go back to the client with your findings
- If for any reason that deadline cannot be met inform the client and keep them updated on progress
- Be prepared to cover this in the forthcoming meeting – having as many facts at your fingertips in preparation for that meeting will be important.
- It may be appropriate to review your organisation’s draft Service Level Agreement (SLA) in anticipation of an SLA being requested by the new Benefits Manager
- The team may be defensive so it will be important to work with their line manager to help and support them through the process to ensure that any report to the client includes all the known service issues. Coming back with additional issues shortly afterwards could potentially be more damaging to the relationship.
- In the report highlight any known compliance issues e.g. if disclosure has been breached. In this case members retiring have not received details of their retirement options
- Your report should, as a minimum set out the following for each issue identified:
 - Why the problem has occurred
 - The scope of the problem e.g. how many members are affected, amounts if appropriate, current status
 - Your proposed solution taking into account the perspectives of all stakeholders. Points to consider are:
 - The circumstances of the members
 - Appropriate apologies and the impact on the individual members
 - The response of the trustees and whether any breaches should be considered reportable
 - Any potential loss, whether to reclaim and responsibility for making good any loss
 - Any contractual obligations that may have been breached
 - Possible reputational damage
 - What steps have been or are being taken to prevent recurrence
 - How you will keep your client informed of progress with any rectification, change to processes and so on.
- Depending on the past history of service on the scheme and your own organisation’s approach to risk management it may be necessary to add the client to any risk register

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CASE STUDY D

- At this stage it is probably not sensible to call the member back – you only have one side of the story
- Ask the member of the team to talk you through the call and provide you with background to the case in question
- Ask them to write down as many details of the call as they can remember so you can reference these
- If your organisation operates call recording ask for the recording of the call to be made available to you as soon as possible
- You should ensure any internal process for complaints (actual or potential) has been followed and notified as appropriate
- As soon as you have gathered as many facts as you can, call the member back. If email contact details are held, in the interim it may be helpful to send the member an email explaining that you are aware that there were issues with the call but that you are investigating and will come back to them.
- When returning the call, unless you have been able to hear a recording and form a view, it is important to be detached and non-judgmental. You may need to make the member aware of the complaints process if they believe that they have a grievance
- The content of the call will be specific to the circumstances and depend on your findings

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1d acting objectively in all work they undertake, observing high standards of integrity and fair dealing

4a take all reasonable steps to obtain all the information necessary to form a judgement

4c behave in a manner consistent with the obligation to act impartially.

CASE STUDY E

- The first consideration must be to your client in preference to considering your own personal position
- Take stock of the current status of the projects and compare this to the anticipated position at this time. This may well necessitate conversations with all the stakeholders to the project
- Working with them identify the reasons for the delays, what the next steps are and whether anything can do done to mitigate the impact of the delays
- Acknowledge to those involved with the project that you have contributed to the delays and ask for their help and support in re-planning
- Tell your manager now what the position is, explain why the projects are delayed, acknowledge that you are part of the issue and explain what you have done as a consequence
- If there is something your manager needs to do to help you succeed for example if you have been too busy with other work to focus on these projects, take the opportunity to make them aware of this
- Inform your client of the position and talk them through your plans to complete the project including the impact on any timescales
- It will be important to reassure your client that you are not sacrificing quality for speed
- Offer to provide regular updates to both the client and your manager so that they have visibility of progress and can help remove barriers

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CASE STUDY F

- Whilst your relationship with the assistant pension manager, as client contact, is important, it should not impact on you dealing correctly with this case
- Ask someone independent to the team and this scheme to carry out an audit of the case including the timeline and prepare a report detailing any compliance issues, how they have been dealt with and how they should have been dealt with.
- Make your line manager aware of the issue and the facts of the case, ensuring that you also tell them about the assistant pension manager's preferred approach to dealing with this
- Ensure that you follow any internal processes in relation to reporting errors and omissions to the appropriate team
- Agree with your line manager and any other internal stakeholders how you should respond to the assistant pension manager including who should be involved in the discussions
- Rectify compliance issues that have not been handled in the past
- Consideration may also need to be given to any financial issues such as payment of unauthorised payment and/or scheme sanction charges.
- The Trustees as client should be informed and advice taken as to which other parties should be informed
- It is important that any report to the Trustees is factual and not perceived as biased against the assistant pension manager
- There is also the possibility that you may need to revert to the member or beneficiaries as there may also be financial implications for them.

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1f. not accepting or offering gifts, hospitality or services which could, or may appear to, imply an improper obligation.

CASE STUDY G

- This is clearly a sensitive situation to deal with but it has to be addressed
- The first step would be to discuss this with your line manager
- In tandem you should discuss it with any compliance team within your organisation
- Whilst you should not discuss the situation with procurement, it would still be valid for you to make the trustees aware of your concerns regarding the historical scheme knowledge which would be lost
- Any subsequent actions will be based on the advice received from your manager and/or compliance team

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CASE STUDY H

- As a first step you need to explain to your colleague that you cannot ignore this issue and that it will need to be reported
- Ask your colleague to document details of all the member related information that they believe was in the stolen bag
- Either your colleague or you should alert your line manager to the situation and ask for their help in referring this to your data protection officer
- Check whether the stolen bag has been reported to the police and ensure that this is done if this was not dealt with at the time
- Working with your Data Protection Officer agrees the message to be given to the trustees and the timing of that message. In view of the seriousness of the situation you should also agree who should deliver the message.
- Check your Data Protection Policy to understand where your colleague was in breach of that policy

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CASE STUDY I

- This is potentially a tricky case as it may depend on the interpretation of the legislation
- Firms who wish to carry out pension transfer business must have FCA transfer permissions. Otherwise they cannot undertake this activity.
- The first step is to check on the FCA website whether the firm has transfer permissions.
- As the transfer is in excess of £30,000 any advice must be authorised by a pension transfer specialist.
- The next step is to check on the FCA website whether the member is a pension transfer specialist. They may be an IFA but if they are not a pension transfer specialist they are not permitted to advise on such transfers.
- If they are a pension transfer specialist then the issue is whether they can advise themselves?
- The next step in that scenario would be to refer this case to your technical team if your organisation has one
- The next step would be to refer the case to the trustees/client irrespective of the advice although the content of the referral will depend on the guidance provided by your technical team.
- The trustees/client may choose to take their own legal advice but in any event you should only act once you have instruction from the trustee/client
- As you go through this it would be very important to keep the member informed of the reasons why the case may be taking a little longer than normal to progress
- As there will be additional steps in this process it will also be important to ensure that disclosure timescales are monitored to ensure that these are not breached

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CASE STUDY J

- The notes on this case are fairly brief
- On the basis that the individual you know has been suspended for misconduct, they may be holding a grudge against their employer and therefore you should not allow their feedback to sway your recommendations as to who should be on the shortlist that you would put forward
- Nonetheless, an important part of an evaluator's job is to take into account feedback they receive in the market and therefore there are some possible options available to you:
 - Seek counsel from others in your team to see if they have heard similar feedback
 - Refer the issue to your line manager but stressing you understand the need to remain objective and impartial
- If, as a conclusion to the above you decide that obtaining clarity on the approach to specific processes would be helpful then these questions should be posed equally to all tendering organisations
- Key however is to remain impartial and professional at all stages in the process and, as such, the anecdotal feedback should not be allowed to influence the outcome of the review process

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4a take all reasonable steps to obtain all the information necessary to form a judgement

4c behave in a manner consistent with the obligation to act impartially.

CASE STUDY K

- The value of the discrepancy is quite substantial and this needs to be taken into consideration as part of any subsequent actions
- A discrepancy of this amount should be referred internally for help and guidance to the line manager responsible for the item and also any internal compliance team as this may give rise to a claim to compensate the scheme
- In particular, as a project manager you are likely to operate outside the normal day to day practice and administration of the scheme and so there is likely to be value in a discussion with those responsible for operational delivery of the administration
- Whilst making up the shortfall from the trustee reserve might be the right solution to the issue it will be important to understand how the shortfall has come about in case this is a consequence of:
 - Some systemic issue such that, even if the shortfall is rectified on this occasion a similar problem may, or is likely to arise again in the future
 - Fraud or some other form of misconduct
- In view of the above it is important to satisfy yourself of the reason for the discrepancy. This might give rise to some challenges internally as investigating reasons for discrepancies in DC reconciliations can be time consuming and therefore expensive
- It is important to take into account the requirements of the DC Governance regulations and the proposed new DC code from the Pensions Regulator
- Having established the reason for the discrepancy a report should be prepared setting out:
 - The reasons for the discrepancy
 - Any impact on members
 - What needs to be done to address the shortfall (it should be noted that if, as a part of the investigation it is identified that the issue has arisen as a consequence of issues with the administration then the trustees may look to the administrator to make good any losses)
 - What needs to be done (if anything) to correct records for individual members and, if necessary to communicate any changes to them noting that some adjustments may be immediately visible to them if they have access to their fund values via the web
- Prior to going through the above process it will be important to explain to the pensions manager why it is not possible for you to simply make good the shortfall from the trustee reserve account, firstly because it is not within his authority to authorise that payment and secondly because it is important to understand the reason for the discrepancy to prevent recurrence
- If the conclusion is that the right course of action is to make up the shortfall from the trustee reserve account, the decision will need to be ratified by either the trustees or someone who has delegated authority to authorise a payment of this level.

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CASE STUDY L

- Prior to any discussions you need to evaluate the situation
- As a consequence of the significance of employment law it will be important to consult your colleagues in HR before speaking to anyone
- The case study does not state your role but in any event you should make your own line manager aware and ensure that they support any proposed solution as this may necessitate you receiving support from them.
- It will also be important to evaluate the impact that the situation is having on the team and the workload as part of your preparation for one to one meetings
- Once you have completed your assessment you should consider proposed solutions to the issue so that any discussions you have are focussed on not only understanding the position but also resolving it – could you alter the timings of your team meetings?
- In terms of the colleague allegedly making inappropriate comments you should also check your disciplinary procedure in case his behaviour falls within the scope of that
- It is likely that you will need to hold meetings with the affected individuals, certainly your colleague with the elderly mother and the one deemed to have been making the inappropriate comments but you are likely to need to speak to others to validate the information that you have been given.
- You should ensure that you are accompanied by a colleague (possibly a member of the HR department) to those meetings, that one of you takes notes and that you make the attendee(s) aware that you are going to be taking notes.
- At this stage it is not possible to be prescriptive about the possible next steps as it will depend on the outcome of the meetings.

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4f treat people fairly which means observing equality and diversity laws, challenging and reporting unlawful or unfair discrimination and, where possible, adapting facilities to accommodate customers with disabilities or specific requirements

CASE STUDY M

- This can only be resolved by having an initial discussion with your line manager
- Key to a successful outcome will be preparing thoroughly in advance. Your preparation could include:
 - Demonstrating that you understand why this is important – it could be because a commitment has been made to a client, there are financial consequences if the project is not delivered on time, other projects are dependent on this one and so on. This list is not exhaustive and there could be other considerations or it could be a combination of these issues
 - Explaining why you believe you are not qualified to take on this project but in doing so consider why you may have been asked and what role you could play or support you could provide to support a successful outcome
 - Clarify the position in relation to your exams, when they are, what you still need to do and so on. Give your line manager the opportunity to explore your role in the project and the timing of any involvement you may have.
 - Be prepared to also cover any potential impact on your current work and what support and help you may need from other members of the team.
- Preparation along the lines outlined above should prompt a useful discussion and give you confidence to deal with your line manager dispassionately.
- It is possible that, at the end of the meeting, you will not have reached a satisfactory conclusion. If that is the case be clear on agreed next steps. It will probably be useful to take notes, write these up and send an email with the agreed points so that everyone is clear what has been discussed and agreed actions

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- 1e conducting their professional work with proper regard to the technical and professional standards of them.
- 2d not act in situations where they have insufficient relevant experience except in co-operation or with the guidance of a suitably qualified and competent person

CASE STUDY N

- Key affected parties are you, the sole practitioner, Client C, Company A and Company B
- The issue of confidentiality is a sensitive one and you should not involve any parties in the resolution process without good reason. Any discussion of this ethical dilemma, in itself, risks breaching confidentiality.
- If the other sole practitioner is well enough you should inform them of the dilemma and the actions you decide to take.
- You must not disclose to Client C any confidential information gained from your former relationship with Company A.
- The first step would be for you to evaluate the extent of the conflict of interest and whether it can be managed. What would a third party think?
- It is likely that you will conclude that you should not act for Client C regarding the purchase of Company B.
- The next step would be for you to declare your conflict of interest to Client C without disclosing the name of Company A. Take care to document this conflict of interest disclosure.
- If Client C tries to pressurise you to disclose the name of your former client it may be necessary to disengage entirely from Client C (not just in relation to the purchase of Company B). This should be a last resort and you should keep the other sole practitioner informed.
- In any event you should document in detail the steps you take in resolving your dilemma, in case your judgement is challenged in the future.

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4e. respect confidential information from any source and not use such information for personal or professional advantage.