

Examiners Report: Core Unit 2- Regulation of Retirement Provision, April 2022

It is the view of the Examiners that some candidates provided background information that was beyond the scope of the questions set out in the examination.

In addition to commentary on the April 2022 questions below, general guidance for candidates who did not achieve high marks is provided at the end of this report. The Examiners would like to highlight to candidates the importance of exam technique and understanding exactly which parts of the Study Manuals will be examined and should therefore be learned accordingly.

Question 1

Draft a paper on 'Approved withdrawal arrangements' as an alternative arrangement to reducing the amount of section 75 debt payable by a departing employer

(10 marks)

- This question was generally well answered with some candidates achieving high marks.
- Candidates had a good understanding of what an approved withdrawal arrangement is and what is needed for TPR to approve it.
- However, several candidates were unable to explain how the deficit is measured. A section 75 debt is calculated by reference to the deficit on a buy-out basis, but the statutory requirements for an "approved withdrawal arrangement" focus on the deficit on a statutory funding objective basis.

The relevant section of the study manual: Section - Part 4 (Corporate Transactions, Purchases, Sales and Mergers), Chapter 1.8.1 (Page 116)

Question 2

Describe the two new grounds, as introduced by the Pension Schemes Act 2021, on which TPR can issue a contribution notice in relation to a defined benefit (DB) pension scheme

(5 marks)

- It was disappointing that most candidates were unable to attain most of the marks that were available.
- The main reason for this is because it seemed most candidates knowledge was limited to identifying the name of the tests
- Details surrounding the circumstances covered by the two new grounds was lacking.



The relevant section of the study manual: Section - Part 1 (The Taxation and Regulation of Retirement Provision), Chapter 3.2.1 (Page 26)

Question 3

Write down the advantages and disadvantages of a bundled arrangement

(10 marks)

- This question was very-well answered by most candidates.
- Most candidates were able to cover most of the points, and therefore attained high marks.

The relevant section of the study manual - Part 5 (Governance Requirements), Chapter 1.2.5 (Page 133)

Question 4

Prepare a note on "Super" Notifiable Events.

(10 marks)

- The quality of answers to this question were mixed. Whilst candidates that had understood the relevant section of the manual scored well, this question was still poorly answered by some candidates who demonstrated little to no knowledge.
- Very few candidates accurately stated that one of the Events is the sale of a material proportion of an employer that has funding responsibility for at least 20% of the scheme's liabilities.
- Very few candidates correctly identified who is responsible for notifying TPR – it is the employer, not the trustee.

The relevant section of the study manual - Part 2 (Trust Law, The Role of Trustees and Establishing a Trust-Based Pension Scheme), Chapter 2.16 (Page 68)

Question 5

Prepare a paper on the 'implementation issues' schemes may encounter once they have settled on their GMP Equalisation approach

(10 marks)

- This question was very-well answered by most candidates.
- Most candidates were able to identify the four main issues, and therefore attained high marks.

The relevant section of the study manual - Part 6 (Current Issues), Chapter 1.2.7 (Page 149)

Question 6

List the principles that are set out in the Data Protection Act 2018

(5 marks)

- Generally, a well answered question by most candidates.
- Candidates were able to state most or all of the principles

The relevant section of the study manual - Part 3 (Other Relevant Areas of Law), Chapter 1.1.3 (Page 90)

Generally, candidates are reminded to:

- Candidates should ensure they understand the structure of the course and CU2 syllabus
- Read questions carefully to determine which area of the study manual is being examined.
- Take note of instructive words given in the question – for example “list” indicates that a list of key items is required, rather than a block of descriptive text.
- Note that the number of marks available can be used to indicate the level of detail required in an answer.
- Take advantage of any bonus marks available.
- Avoid spending too much time providing information which has not been asked for, or which is not described in similar detail in the Study Manual.