

### **Examiners Report: Professionalism & Governance, October 2022**

As the final exam in the PMI Advanced Diploma, and the route to Fellowship for other pathways, Professionalism & Governance has high expectations of learners. As stated in the qualification specification, the “aim of the Advanced Diploma is to provide the required professional knowledge, skills and understanding for an individual to undertake, after sufficient experience, a position as a pensions specialist”. It’s designed to be a challenging qualification and at a Level 6 is equivalent to undergraduate study.

The Advanced Diploma is tested through case studies and scenarios, which can be based on the Governance and Professionalism Manuals, the PMI Code of Conduct (the Code) and also highly topical subjects. The Communications Manual supports learners’ understanding of how to frame the format of their answer, but also includes information relevant to the exams. Learners should note the breadth of knowledge required to be able to gain sufficient marks to pass the Professionalism & Governance Module. They are, and will be, expected to have a sound understanding of highly topical issues in the pensions sector. Additional reading is essential to gain sufficient knowledge to pass this exam.

The exam is now established online, which is more akin to the way people engage with their working day. Regardless of the way learners complete their exams, they should always review their answers for technical accuracy, readability, spelling, and grammar. Unfortunately, this does not appear to happen. Learners should note, there is no automatic correction capability within an online exam portal. Mistakes dilute clarity and impact on the communication marks awarded. Learners need to remember to incorporate sufficient time to fully read through their answers before submitting their exam to the portal. Good exam time management and adequate planning is key to this. Even online, learners can develop a plan to help them. If it’s headed as such, it can be included in the section available for the answer and can be used by the examiner to evaluate for marks if learners run out of time.

The Code is the core behavioural guide for all PMI members and a copy is included in the Professionalism Manual. This Manual gives examples of situations where learners would need to draw on the Code to know how to act. However, they still need to know and understand technical aspects to answer any question fully. When learners are asked questions on the Code they are designated a role and need to develop their answer from this perspective e.g. Team Leader, or Manager. The role gives learners clues as to how they are expected to approach an issue i.e. a manager will be expected to take ownership of a problem, solving any immediate impact and looking to the long term.

Question One is a long case study where learners are asked to apply technical information to a given situation, and in a specific format. Learners are assigned a **role** and an **objective**. Their answer must be appropriate both to their assigned **role** e.g. Pension Manager, consultant etc and their **objective**, e.g. to train, to inform etc through the specified format. Question one carries 60 of the total marks available, 48 for demonstrating technical knowledge and 12 for fulfilling the role and objective through communication. There are always more than 48 technical marks available to allow for learners’ interpretation of the question.

At this level, examiners are looking for strong knowledge of material, plus how well this knowledge is conveyed. The exam paper shows how many marks are allocated to each question, which provides a clue to the learner as to the depth of the answer required. However, questions can be answered in any order. Unfortunately, this sitting produced few passes which was disappointing.

**Question One was:**

**You are a Secretary to the Trustee for a large pension scheme with outsourced administration of its closed DB and open DC sections where some new Member Nominated Trustees have recently been appointed to the Trustee board. You have been asked by the Chair of the Trustees to draft a Briefing Paper to assist these new lay Trustees in understanding the role of the advisors and providers to the pension scheme.**

**Your Briefing Paper should be engaging and take into account your audience. It will need to discuss:**

- a) The roles and responsibilities of advisors and providers involved in the running of the scheme**
  - b) What Trustees should be considering when looking at the suitability of advisors and providers including TPR expectations**
- and**
- c) Considerations for the Trustees around controls and risk management of their advisors and providers**

**(48 technical marks, 12 format/communication marks. Total 60 marks)**

Learners appeared to have difficulty framing their answers in the format required, which was a Briefing Paper. The elements needed are listed in the Communications Manual. No learner included all the elements.

The technical detail for this question was contained on pages 14,15,16 and 17 of the Governance Manual. Therefore learners who had read and understood the Manuals should have been able to gain adequate marks to contribute to a pass. This year learners included a lot of unasked for detail, but then failed to include relevant detail – particularly around the different types of advisers/providers and TPR's expectations. A number of learners gave the broad elements but not enough detail to gain the marks available. This proved very expensive for a number of learners. Learners needed to identify both the risks *and* controls of risk in managing advisers/providers. It would also have been useful for learners to be able to differentiate between advisers and providers. Learners should bear in mind in a three hour exam, a question worth 48 marks will require significant relevant detail. When reviewing their answer, they should ask themselves whether the amount of detail they have included is capable of earning 48 marks.

The remaining 40 marks for the exam were gained from three short questions. Where questions are taken from the syllabus, they can be broader than the Governance Manual. These and topical issues cover aspects of the industry anyone working in pensions would be expected to know something about – regardless of their seniority. The marks available for these types of questions are generally



technical. When answering a Code related question, learners need to be familiar with the Code and its structure so they can recall which area(s) a particular scenario relates to. The number of marks available for are given for every question. A mark is generally (but not always) given for the section reference of the Code and the clause. Learners need to think about what behaviour they should exhibit in each circumstance and what would need to be done to resolve the issue at hand. They need to take responsibility for the scenario they are presented with. To ensure they do not become side tracked, learners should read the questions carefully. The short questions were:

### **Question 2**

**You are a Pensions Manager of an inhouse DB pension scheme. The Chair of Trustees has emailed you and asked you to comment on how the State Pension Act of 1995 impacted UK pension provision and consideration of what the Trustees need to think about for the provision of benefits for the scheme members. Draft an email in response.**

**(12 total marks)**

The information relevant to this question was drawn from S3.31 of the Communications Manual. This is also a very topical (and contentious) subject. Most learners included irrelevant detail and/or did not read the question correctly. Unfortunately few learners picked up this question was asking about the State Pensions Act 1995 and not the Pensions Act 1995. The relevant Act increased the age at which women receive state pension from age 60 to age 65. A minority of learners identified the correct Act, but did not include sufficient detail e.g. the WASPI movement, the problem with notice, the 2011 changes etc. If GMP equalisation had been mentioned by any learner this would have also gained a mark.

This question also asked for learners to frame their answer in the form of an email from a Pension Manager to a Chair of Trustees. Where attempts were made to draft an email, they did not take account of the roles identified which meant there was often a mismatch in appropriate tone.

### **Question 3**

**You are a team leader of a small pensions administration team. Your team have been asked to return to working in the office following the covid pandemic due to business requirements. However, you have one member of staff who is refusing to come back into the office. This member of staff has also had performance issues over the last 6 months. What do you do ?**

**(15 total marks)**

The relevant sections of the Code were:

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

4f – treating 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

Overall, this was the best answered question of the exam paper. Unfortunately with only 15 marks available, this was not always helpful. Most learners picked up what they would need to do regarding the individual and the existing team. But more marks would have been gained if learners had also identified the business and legal requirements. For example, checking the firm's policy on home-



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working, checking the individual's contract, whether any alternative roles could be made available – and whether this would be possible when there is an outstanding performance issue.

#### **Question 4**

**Comment on why holding correct member data so important to a pension scheme and how has the TPR contributed to enforcing this?**

**(Total 13 marks)**

It was highly disappointing when data has been a significant issue for pension schemes for over a decade, that few learners were able to articulate why this is the case. Most learners stated the basic tenet of correct data being the basis for paying correct benefits and its role in de-risking. However, there was very little detail in most answers to be able to award adequate marks. There were also some learners who did not correctly identify what Scheme Specific data is. Often learners did not follow up on TPR requirements – referenced on page 21 of the Governance Manual and often in the pensions press. There were also a couple of additional marks available for referencing the most topical data dependent project all UK pension schemes will have to comply with in the very near future – pension dashboards.