



**Pensions  
Management  
Institute**

### **Defined Contribution Arrangements**

**Thursday 12th October 2023      2 – 5 PM**  
**Time Allowed:                              3 Hours**

**Pass Mark - 55**

- 1.**      Answer **ALL** the questions.
- 2.**      Type all your answers in the answer box provided.
- 3.**      It is suggested to allocate your time according to the proportion of marks each question attracts.

**Question Number: 1**

You are the trustee of a Defined Contribution Scheme and you have received a letter from a member who is approaching retirement, asking you to explain Annuities .

Write a letter in reply covering

- a) Definition of an Annuity ( 5 marks)
- b) The Open Market Option ( 5 marks)
- c) Annuity Options ( 5 marks)
- d) Enhanced/Impaired Life Annuities ( 5 marks)
- e) Annuity Documentation ( 5 marks)

( 25 marks )

**Question Number: 2**

The Trustee Board has asked you as Pensions Manager of XYZ plc to write a Report explaining Default Funds.

Your report should cover why default funds exist, the regulatory requirements for these under qualifying schemes, and the design of the default option and communication of this to members. (25 marks)

**Question Number: 3**

As Pensions Manager of ABC Limited you have been asked by the Head of HR to write a Report on the role of the Pensions Regulator. Your Report should cover the key roles of the Regulator, the powers bestowed on it and the Codes of Practice it has issued. (30 marks)

**Question Number: 4**

Your Finance Director has asked you as Pensions Manager of ABC Limited to explain auto enrolment. Write an e-mail explaining the duties of the Employer under the Auto Enrolment regime and the quality requirements for a DC Scheme under this regime. (20 marks)