

Examiners' Report - Core Unit 1A – Understanding Retirement Provision (UK) – October 2024

Question 1

Describe the three parts of the inquiry launched by the Work and Pensions Committee in July 2020 to look into the impact of the pensions freedoms **(5 marks)** and the protection of pension savers **(5 marks)** plus subsequent developments in part 2 of the inquiry **(5 marks)**. **(15 marks)**

Candidates tended to pick up marks for the basic point across all three parts of the question but struggled with the later points dealing with government proposals etc.

Common omissions in part 3 included that the government remains committed to implementing 2017 automatic enrolment review forms plus the minimum contributions too low, gig economy, self-employed excluded. In part 1 the Committee called on the government to act quickly to combat scams, commonly cited figures underestimated the problem.

Question 2

Outline the concept of a Corporate Wrap. **(8 marks)**

What are the financial advantages? **(7 marks)**
(15 marks)

A wide variety of answers from very good to very poor.

For financial advantages, omissions included flexibility – Defined Contribution employer contributions can be invested in an ISA. Under concepts; it also allows employees to contribute through their payroll and allows employees to manage workplace & financial benefits in one place.

Question 3

List the different written communication methods available (your answer should include both paper and electronic methods and marks will be divided equally between them both). **(10 marks)**

This was a very easy and straight forward question, without exception, candidates scored highly.

Question 4

Outline the Pension Protection Fund Levy. **(10 marks)**

Most candidates demonstrated some knowledge although some were vague about risk-based and scheme-based elements. Few mentioned the additional levy for the fraud compensation scheme/ombudsman. A number wrote at length about the benefits the PPF provides despite this being outside the scope of the question. The levy is subject to an overall ceiling each year.

Question 5

State Pensions are usually payable from State Pension Age (SPA). Describe the options individuals have if they decide to defer payment of their State Pension. **(15 marks)**

Generally, very well answered, good knowledge of both old and new systems.

Question 6

Describe the State benefits:

- a) Short-Term Incapacity Benefit **(7 marks)**
- b) Long-Term Incapacity Benefit **(8 marks)**

(15 marks)

Many produced poor answers showing both confusion between benefits payable up to week 28, weeks 29-52 and week 53 onwards and a general lack of knowledge. The facts required for long term incapacity benefit would be ...Payable from week 53, £130.20 per week. If claimant under age 45 when first unable to work, can claim incapacity age addition. Additional adult dependant's allowance payable if claimant's partner aged over 60 or claimant has dependent children. Benefits cease on return to work or when person considered capable of work.

Question 7

Describe the role of the Pension Regulator regarding DB consolidation superfunds.

(10 marks)

Poorly answered. Few candidates scored half marks or above. Some of the points missed included June 2020 issued own guidance setting out how it would regulate such schemes until future legislation in place. October 2020 guidance for trustees and employers considering transferring DB scheme liabilities to a superfund. Corporate plan 2021 – 2024 indicated supporting DWP development of legislative framework for superfunds.

Question 8

National Insurance Contributions and Employer Office is responsible for collecting and recording National Insurance Contributions. Write down what this involves.

(10 marks)

Most candidates were able to demonstrate some knowledge and the better candidates were able to list most of NICEO's responsibilities. These include Class 1 NI rates and thresholds, statutory payments, Married Women's Reduced Rate Election, NI statement requests, Class 2 and 3 NI and employment histories