

Examiners' Report CU3- Running a workplace Pension Scheme -October 2024

Question 1

List the conditions that would make an overseas transfer exempt from the overseas transfer charge (5 marks)

This question was well answered with more than half the candidates getting full marks. It has been a fairly topical issue and there were lots of easy marks to pick up for those who had covered the book work.

Question 2

List the key activities that a DC Scheme must complete within the 2 year period of triggering wind-up. (5 marks)

This question was also well answered with more than half the candidates getting full marks. It was clear that candidates were familiar with wind up provisions and what tasks had to be done within 2 years.

Question 3

What information must be given to job holders being automatically enrolled or re-enrolled into a qualifying pension scheme and when must it be given? (10 marks)

Given the importance of the subject matter this question was not particularly well answered. Only 1 candidate got full marks and 7 candidates got half marks or fewer. Many candidates overlooked the information to be given on opt out rights. Given the fact that AE is such a key area in the operation of a pension scheme it was disappointing that so many candidates did not seem aware of some of the basics.

Question 4

Please draft a short summary for the new Member Nominated Trustee explaining, at a high level, how Pension Sharing on divorce operates. Your answer should include details on how charges are apportioned between the parties and paid for. (10 marks)

It was pleasing to see how well this question was answered, only 1 candidate got fewer than half marks. Candidates displayed a good understanding of the subject and managed to summarise most or all of the key points. It was clear that they had studied the relevant section of the manual, this is not necessarily an area that everyone would get exposure to in their day to day jobs.

Question 5

When communicating with members what does TPR believe are required qualities, and what factors should trustees and employers take into account when putting together a communication strategy? (10 marks)

This question was well answered, 3 candidates got full marks and only 2 got fewer than 5 marks. There were plenty of easy marks for those who had read the manual, and it was clear that most candidates had a grasp of the issue and picked up these marks.

Question 6

Your Chair of Trustees has asked for a report on the DC Code of Practice. Could you provide such a report detailing the core areas that the Code focusses on? (20 marks)

This question was poorly answered by many candidates, with more than half getting less than 10 marks. One candidate got full marks and a couple of others scored well which evidenced that the marks were there if candidates had done the bookwork. It is a fairly topical subject and it was disappointing that so many candidates were not even able to list the 6 basic areas that the new code focusses on.

Question 7

Please outline what is meant by trivial commutation, and then list the conditions which must be met before a trivial commutation lump sum can be paid. Please also explain how such payments are taxed. You do not need to include reference to small lump sum payments. (20 marks)

This question was slightly better answered but there were still 6 candidates who got fewer than half marks. It is a subject matter that some candidates may cover regularly in their day to day job so would have some practical experience. With a couple of exceptions candidates were able to pick up the core points around the conditions to be met for triv comm and the basic tax conditions, but were unable to supplement this with more granular detail which was required for more marks. Only 2 candidates got more than 15 marks.

Question 8

For contributory pension schemes, both DB and DC, please outline how the contributions to be paid are formally documented. You should then explain how such contributions are calculated and paid to the scheme, to include the deadlines for making payments and the penalties for failing to meet these deadlines. Finally, what is good practice for reconciling contributions (20 marks)

This was the best answered of the 20 mark questions, with 11 candidates getting more than 50% of marks available. Most candidates were able to explain the timescales for making payments and how these were documented. However not many fully described the penalties for failing to meet deadlines, or the best practice for reconciling payments. This is a subject where the detail has not changed materially in a long time so should have been familiar to candidates, again it may be that some candidates do not experience this day to day so had to rely on bookwork.