

Sample Exam Questions

Core Unit 1a – Understanding Retirement Provision

Instructions:

- This is only a sample paper and therefore consists of 30 multiple-choice questions.
 - Choose the correct answer from the options (A, B, C, or D).
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- 1. What was the first type of occupational pension scheme set up?**
 - A) 'Pay as you go' funded system
 - B) Fully funded system
 - C) 'Pay as you go' unfunded system
 - D) Partially funded system
- 2. What was the main reason to introduce the Finance Act 2004?**
 - A) To create a more complex pension system
 - B) Consolidate and simplify the existing tax legislation
 - C) To create a tax haven for pensions
 - D) To increase the tax applied to pensions
- 3. Which Pensions Act introduced a universal flat-rate pension?**
 - A) The Pensions Act 2014
 - B) The Pensions Act 2012
 - C) The pensions Act 2013
 - D) The pensions Act 2011
- 4. How often must a 'summary funding statement' be provided to all members?**
 - A) Annually
 - B) Monthly
 - C) On request
 - D) Quarterly
- 5. What's the main purpose for the pension advice allowance?**
 - A) To allow all members to take £500 tax-free to redeem against financial advice
 - B) To allow money purchase members an unlimited amount of tax-free cash to redeem against financial advice

- C) To allow all members to receive a sum of £500 for help towards the costs of financial advice
 - D) To allow money purchase members to take £500 tax-free to redeem against financial advice
6. **A new tax exemption was introduced from 6 April 2017 which was...**
- A) To exempt income tax and NI for all costs towards pension advice
 - B) To exempt income tax and NI for the first £1000 worth of pensions advice
 - C) To exempt income tax and NI for the first £250 worth of pensions advice
 - D) To exempt income tax and NI for the first £500 worth of pensions advice
7. **What was the main intention behind introducing the pensions dashboard?**
- A) Alerts members if they have benefits that they are unaware of
 - B) A service which notified members of their retirement benefits
 - C) Having member's pension information all in one place
 - D) To help improve member engagement and make it easier to plan for retirement
8. **A contribution notice can be issued by the TPR in which type of scenario?**
- A) A deliberate attempt to avoid a statutory debt
 - B) A transaction involving the scheme's assets to be undervalued
 - C) The sponsoring employer is insufficiently resourced
 - D) To enhance member's benefits
9. **How much does the Pensions Ombudsman charge to review a case?**
- A) No charge, it is funded by grant-in-aid paid by the DWP
 - B) A £250 charge to the recipient if the case is dismissed
 - C) A £250 charge to the pension company if the case is upheld
 - D) A £250 charge for all cases referred
10. **A consumer-facing service provided by MaPs was created in June 2021, what was it called?**
- A) Money and Advice Helper
 - B) AdviceHelper
 - C) MoneyAdvice
 - D) MoneyHelper

11. **What is the maximum compensation that the Financial Ombudsman can award?**
 - A) £100,000
 - B) £150,000
 - C) Unlimited
 - D) £1,000,000
12. **Which schemes are protected by the Pension Protection Fund?**
 - A) All schemes
 - B) DB and hybrid schemes
 - C) DC schemes
 - D) DB only schemes
13. **What does GAA stand for?**
 - A) Governance Advisory Arrangement
 - B) Governance Advisory Authority
 - C) Government Authority Arrangement
 - D) Government Actuary Adviser
14. **Where SPA is after 5 April 2016, members can receive higher weekly payments if...**
 - A) The individual defers for at least 7 weeks
 - B) The individuals defers for at least 10 weeks
 - C) The individual defers for at least 9 weeks
 - D) The individual defers for at least 5 weeks
15. **Which of the following ceased contracting out from 6 April 2016?**
 - A) Contracted Out Money Purchase Scheme
 - B) Contracted Out Mixed Benefit Scheme
 - C) Contracted Out Salary Related Scheme
 - D) Appropriate pension scheme
16. **What did the Pension Credit replace on 6 October 2023?**
 - A) The Minimum Income Guarantee
 - B) The Guarantee Credit
 - C) The Savings Credit
 - D) The Basic State Pension

17. **How many qualifying years are required to obtain the full new State Pension?**

- A) 35
- B) 36
- C) 37
- D) 38

18. **How much do you receive for the last 33 weeks of Statutory Maternity Pay?**

- A) The lower of £184.03 per week or 90% of average earnings
- B) 90% of average earnings per week
- C) Flat rate of £184.03 per week
- D) Flat rate of £250.04 per week

19. **When was Statutory Parental Bereavement Leave introduced?**

- A) 6 April 2021
- B) Same time as Statutory Maternity Leave was introduced
- C) 6 April 2020
- D) Same time as Statutory Adoption Leave was introduced

20. **Who is Universal Credit intended for?**

- A) For people looking for work or on low income
- B) For people out of work and have no income
- C) For people that are working but do not have enough to cover all household bills
- D) For people who look after children or dependants

21. **What is the maximum period short-term incapacity benefit can be paid?**

- A) There is no maximum period
- B) Maximum of 28 weeks
- C) Maximum of 20 weeks but could be extended upon review
- D) Maximum of 33 weeks

22. **Which legislation introduced a charge cap on member's funds in a default arrangement in a DC qualifying scheme?**

- A) The Pensions Act 2008
- B) The Pensions Act 2007
- C) The Finance Act 2011
- D) The Pensions Act 2014

23. **What is the main principle behind the Pension Schemes Act 1993?**
- A) Funding and administration
 - B) Automatic enrolment
 - C) Claims and compensation
 - D) Protection for early leavers
24. **What was regulated firms operating workplace personal pension schemes required to do from 6 April 2015?**
- A) Establish and maintain an Independent Governance Committee
 - B) Establish and maintain a Trustee Committee
 - C) Establish and maintain a Management Committee
 - D) Match employees' pension contributions
25. **What was the main purpose for introducing SIPPs?**
- A) To give members a greater variety of saving options
 - B) To make it easier for members to control their own pension fund investment
 - C) More cost-efficient option for members
 - D) Gave members less control over their pension savings
26. **How are cash balance pension schemes similar to defined contribution pension schemes?**
- A) The cash pot at retirement is defined
 - B) The cash pot is not reliant on investment returns
 - C) The amount of pension the member will receive is unknown
 - D) The amount of pension is defined from a formula
27. **What is the aim behind Liability Driven Investment?**
- A) For the investment strategy to incorporate high and low risk investments to cover liabilities of the scheme
 - B) For the investment strategy to incorporate high risk investments to cover all scheme liabilities
 - C) For the investment strategy to match the risk characteristics of the investments to those of the liabilities
 - D) For the investment strategy to maintain low risk investments to given greater protection to member's funds
28. **What does EFRBS stand for?**
- A) Employer Financed Retirement Benefit Schemes

- B) Employee Financed Retirement Benefit Schemes
- C) Employer Funded Retirement Benefit Schemes
- D) Employee Funded Retirement Benefit Schemes

29. Which of the following is **NOT** a de-risking strategy?

- A) Insurance type solutions such as buy-out
- B) Bonus addition exercise
- C) Enhanced transfer value exercise
- D) Pension increase exchange exercise

30. Which of the following relates to SSAS arrangements?

- A) An occupational pension scheme set up for a large multi-company business
- B) A contract-based pension scheme set up for a small number of employees
- C) A personal pension scheme set up for a small number of members
- D) Trust-based occupational pension scheme set up for a small number of employees

ANSWER KEY

1. What was the first type of occupational pension scheme set up?

- A) 'Pay as you go' funded system
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- C) 'Pay as you go' unfunded system
- D) Partially funded system

○ Answer: C

2. What was the main reason to introduce the Finance Act 2004?

- A) To create a more complex pension system
- B) Consolidate and simplify the existing tax legislation
- C) To create a tax haven for pensions
- D) To increase the tax applied to pensions

○ Answer: B

3. Which Pensions Act introduced a universal flat-rate pension?

- A) The Pensions Act 2014
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- C) The pensions Act 2013
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○ **Answer: A**

4. **How often must a 'summary funding statement' be provided to all members?**

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- C) On request
- D) Quarterly

○ **Answer: A**

5. **What's the main purpose for the pension advice allowance?**

- A) To allow all members to take £500 tax-free to redeem against financial advice
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○ **Answer: D**

6. **A new tax exemption was introduced from 6 April 2017 which was...**

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○ **Answer: D**

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○ **Answer: D**

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○ **Answer: A**

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○ **Answer: A**

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○ **Answer: D**

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○ **Answer: B**

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○ **Answer: B**

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○ **Answer: A**

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○ **Answer: C**

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○ **Answer: C**

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○ **Answer: A**

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☐ Answer: A

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☐ Answer: A

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☐ Answer: C

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