

Examiners' Report - Core Unit 1A – Understanding Retirement Provision (UK) – April 2025

Question 1

Define the members and beneficiaries of an occupational pension scheme.

(15 marks)

This question had consistently high marks; well done to the candidates. The only omission seemed to be that the employer is generally responsible for making up any shortfall in the scheme's funding position. Points covered included that since April 2015 also been possible to pay DC scheme death benefits to individuals nominated by the member or scheme administrator ("nominees") or to a nominated successor on the death of a dependent nominee or successor.

Question Number: 2

State the tasks a Pensions Manager is typically responsible for.

(10 marks)

This was a straightforward question that candidates who had learnt the manual performed consistently well on. Areas covered included liaising with advisers and trustees, Examples: actuaries, solicitors, auditors, investment consultants. Acting for the Trustees as the specified person to handle disputes under their IDRPs.

Question Number: 3

Describe how the State Second Pension (S2P) provided improved benefits for the lower paid compared to the State Earnings Related Pension Scheme (SERPS).

(5 marks)

This question was not so well answered. It illustrates the requirement to thoroughly revise the whole manual. The answer was taken from a small section of the manual, which many candidates had not learnt, so they performed badly. Areas that needed covering included: Adopting a Lower Earnings Threshold (LET). LET initially £9,500. LET increases are in line with average earnings. Anyone earning above the Lower Earnings Limit (LEL) but below the LET.

Question Number: 4

List the State Benefits

(a) the Universal Credit is replacing (6 marks) and

(b) which are non-means-tested outside the Universal Credit and will remain in place (9 marks).

(15 marks)

This question is again straightforward, as all the candidate needed to do was to list the benefits. If a candidate had revised, it was easy to gain full marks. Areas omitted consistently included, under part a, Income-related Employment and Support Allowance, and income support. Under part b, Industrial Injuries Disablement Benefit, child benefit, bereavement benefits, and maternity allowance. Points such as statutory sick pay were included by all the candidates.

Question Number: 5

State how a homeowner can use their main home as a means of providing further income.

(10 marks)

This question could be partially answered from common sense without recourse to the manual, which enables some candidates to pick up the logical marks but not the technical ones. Easy marks included downsizing, when an individual decides to sell their home upon retirement. Those who had learnt the manual included equity release to generate a lump sum or regular income with a loan secured on their home or by selling all or part of their property, but continuing to live in it during their lifetime. Property's increase in value is not subject to capital gains Tax.

Question Number: 6

List the types of Public Sector Schemes (10 marks) and outline the two ways they are constituted (8 marks).

(18 marks)

Most candidates were able to outline the two ways they are constituted. Statutory schemes, which are constituted by statutory powers (an Act of Parliament, a Statutory Order or a Statutory Instrument). Non-statutory schemes, which are constituted by a trust deed and rules and conform with normal HMRC requirements, for example, the trust-based Universities Superannuation Scheme. Types of Public Sector Schemes omitted included local authorities and various public bodies, including employees of the health service, teachers, and former employees of nationalised industries, Principal Civil Service Scheme, the Police Pension Scheme and the Firemen's Pension Scheme.

Question Number: 7

Around the turn of the millennium, there was a growing concern that people were not saving enough for their retirement, the problems being particularly acute for lower-paid workers. There are a number of factors that have contributed to successive generations not making sufficient savings.

Please describe these factors.

(20 marks)

This question carried the highest potential marks and again was generally well answered. Points consistently covered by candidates were the rise in the welfare state, which largely removed the threat of absolute poverty. Affordability – the cost of living has an impact. The need for food, clothes, rent/mortgage, transport, etc decreases the amount of disposable income that can be used for savings/pensions. Areas more generally omitted include Behaviour – individuals tend to prioritise their immediate needs before thinking longer term, e.g. an annual holiday or a new car can often be an attractive reason to use disposable income/savings, economic/demographic features and long-term investment returns were unlikely to be as high as had been believed previously.

Question Number: 8

In relation to pensions, an individual or a company must be authorised by a regulator in order to carry out certain activities.

Write down these activities.

(7 marks)

This question was well answered, especially as the points were not based on common sense. Areas included that the individual or company must be authorised to give advice on or arrange transactions/ assist another person to arrange a deal. Areas omitted included AVCs, Group life assurance policies and Group permanent health insurance/income protection policies.