

Unit 3

Calculate and Quote Pension Scheme Retirement Benefits for Members without Special Circumstances

The aim of this unit is to:

Understand 'Retirement Benefit' options within normal circumstances and in accordance with all relevant guidance and legislation. The learner will then be to apply this knowledge in the production of a 'retirement benefits' quote to the scheme member.

Unit Level	3	Unit Reference	Y/618/6397	Credits	3
TQT	39	Unit Grading Structure	Pass / Fail		
Assessment Guidance	3.5 Hour written exam online				
Learning Outcomes – the learner will		Assessment Criteria – the learner can			
1. Be able to explain the scheme rules for each of the schemes used in the case study examinations covering the payment of retirement benefits	1.1	Use the correct personal details from the member's record.			
	1.2	Show the full range of requested options which are allowed based on the member's record and the scheme rules.			
	1.3	Apply scheme definitions accurately.			
	1.4	Apply all relevant legislation correctly in relation to retirement benefits.			
2. Demonstrate how to apply actuarial / revaluation factors and how to apply annuity rates	2.1	Set out calculations for each retirement option according to accepted procedures.			
3. Show the benefit options in an approved format and in accordance with accepted procedure	3.1	Carry out calculations manually for each retirement option without arithmetical errors.			
	3.2	Recalculate benefits to meet minimum contracting-out requirements (if necessary).			
4. Be able to explain the effects of overriding legislation on the benefits and options payable (taking into account regulations and requirements of HM Revenue and Customs and the Department for Work and Pensions)	4.1	Calculate and provide information in accordance with regulations imposed by HM Revenue & Customs and the Department for Work and Pensions, as appropriate.			
5. Explain what information and documentation is required before the scheme can settle the benefits	5.1	Write a letter to the member, sponsor or trustee and quote benefits which match the calculations.			
	5.2	Show the benefit options in an approved format and in accordance with accepted procedure.			
	5.3	Provide complete and accurate information to accompany the quotation and requested payment details.			
	5.4	Give instructions to the addressee on the response you require.			

Guidance:

On successful completion of this unit, learners will know and understand:

- The scheme rules for each of the schemes used in the case study examinations covering the payment of retirement benefits
- The effects of overriding legislation on the benefits and options payable (taking into account regulations and requirements of HM Revenue & Customs and the Department for Work and Pensions)
- How to deal with Guaranteed Minimum Pensions, contracting-out requirements and conditions for payment
- How to apply actuarial factors
- How to apply annuity rates
- How to apply statutory increases on deferred pensions for the period between date of exit and date of retirement
- How to apply statutory increases on pensions in payment
- The Disclosure requirements
- Trustees' requirement for the discharge of benefits
- The distinction between giving financial information and financial advice (in accordance with the latest Financial Services and Markets Act)
- What information and documentation is required before the scheme can settle the benefits

In meeting the performance criteria, learners must demonstrate that they can:

- Identify and apply scheme rules and definitions for all of the following:
- Final salary (including contracted out and non-contracted out categories of benefit)
- Career average revalued earnings (CARE)
- Money purchase

Set out and provide fully worked manual calculations for all of the following retirement benefit options:

- Full pension
- Cash sum with reduced pension
- Dependant's pension

Set out and provide fully worked manual calculations for all of the following retirement benefit scenarios (from active and non-active status):

- Normal
- Early
- Late
- Ill health

Determine the options open to members taking into account all of the following:

- The member's record
- Scheme rules
- Relevant legislation

Use the calculations from one of the case studies completed to write a letter to the member, sponsor or trustee. This letter must be a standard letter of response – NOT single bullet points.

EXPLANATION - Calculations could include the recalculation of benefits to ensure minimum contracting-out requirements are met or suggestions for a suitable course of action if Lifetime Allowance limits have been exceeded.