

ADVICE TO LEARNERS ON THE PRINCIPLES OF THE CPC EXAMINATIONS

The CPC examinations consist of case studies (**Section A – Calculations**) and one or more letters associated with these case studies (**Section B – Letters**). The examinations are designed to test the competence of learners in the calculation and communication of pension benefits. The examinations are based on 3 fictitious pension schemes:

| Scheme | Type | Contracted-Out? |
|--------|---|--|
| OPQ | Money Purchase | No |
| RST | Career Average Revalued Earnings (CARE) | No |
| XYZ | Final Salary | Category A: Yes (up to 05/04/2016) Category B: No |

The qualification standards define what has to be assessed in the examinations. Each examination consists of two elements, with each element having a set of performance criteria that define the standard that has to be achieved by the learners. The performance criteria for the first element cover the standard for the *calculation of benefits* and are tested by case studies (**Section A** on the examination paper). The performance criteria for the second element cover the standard for the *communication of benefits* and are tested by letters that the learners must write to accompany one or more of the case studies (**Section B** on the examination paper).

Retirements, Deaths and Leavers are each tested by two examinations. Each of the case studies for the Part-1 examinations are based on members with core scheme benefits only, whereas each of the case studies for the Part-2 examinations are based on members who, in addition to having core scheme benefits, typically have one of the following:

- AVCs
- Enhanced accruals (including enhanced spouse percentages)
- Part-time service
- Augmented benefits
- Transferred-in benefits

Transfers is tested by just one examination. The case studies for this examination include a transfer in for each scheme and a transfer out for each scheme. It should be noted that members may have AVCs in addition to core scheme benefits.

| Examination | Case Studies | Letters | Duration |
|-----------------------------|--------------|---------|--------------------|
| <i>Leavers (Part-1)</i> | 5 | 1 | 3 hours |
| <i>Leavers (Part-2)</i> | 5 | 1 | 3 hours 30 minutes |
| <i>Deaths (Part-1)</i> | 5 | 1 | 3 hours |
| <i>Deaths (Part-2)</i> | 5 | 1 | 3 hours 30 minutes |
| <i>Retirements (Part-1)</i> | 5 | 1 | 3 hours 30 minutes |
| <i>Retirements (Part-2)</i> | 5 | 1 | 3 hours 30 minutes |
| <i>Transfers</i> | 6 | 2 | 3 hours 30 minutes |

ADVICE TO LEARNERS ON THE SITTING OF THE CPC EXAMINATIONS

The advice in this section has been devised by the Chief Examiner and Senior Examiners to maximise learners' chances of success. **Learners should read this carefully.**

Before the examinations take place

◆ Know the scheme rules

Make sure that you:

- Are knowledgeable about the Scheme Rules for each of the schemes.
- Are familiar with the differences in scheme definitions, eligibility criteria, benefits payable, payment dates and pension increase rates.
- Are aware of when the Trustees have discretion as to the recipient(s) of the lump sum death benefits and when the lump sum death benefits are payable to the deceased member's legal personal representatives / estate.
- Are comfortable with the requirements for each calculation (e.g. how to revalue GMPs and perform contracted-out checks for the XYZ Scheme [Category A], how to determine unit holdings for lifestyle members of the OPQ Scheme, how to split the 2006 residual pension elements on retirements for the RST Scheme, etc).

◆ Practise all the calculation scenarios for the examinations that you are sitting

Be aware that:

- Part-1 case studies tend to be more straightforward as they relate to members who only have core scheme benefits.
- Part-2 case studies tend to be more complex as they relate to members who, in addition to having core scheme benefits, typically have one of the following: AVCs, a split rate of accrual, part-time service, an augmentation or a transfer in.
- Past papers and past *Examiners' Reports* are downloadable from the PMI website.

◆ Ensure that you know how and when to check against the member's available Lump Sum Allowance ('LSA') and Lump Sum & Death Benefit Allowance ('LS&DBA')

You must know how to:

- Identify and calculate accurately those benefits impacting the LSA or LS&DBA (e.g. the tax-free cash sum for retirements and any components comprising the lump sum death benefit for deaths).
- Check whether the available LSA or LS&DBA has been exceeded (and to 'Refer to manager' in cases if the amounts have been exceeded).

During the examinations

◆ Read the case study details carefully

Take note of:

- Any details not mentioned in the *Special circumstances / additional information* that might affect the benefits payable – (e.g. the member's age, the member's marital status, the spouse's age, the presence of AVCs, etc.).
- Any details mentioned in the *Special circumstances / additional information* that might affect the benefits payable – (e.g. the treatment of AVCs, a split rate of accrual, part-time service, an augmentation or a transfer in, etc.).

◆ Set out your calculations clearly

Make sure that you:

- Transcribe all figures correctly.
- Show all your workings.

◆ Check that your letters include all the relevant details

Be careful:

- If you are tailoring standard letters to fit the precise circumstances of the individual case study - (e.g. ensure your letters are not out of date with regard to current legislation such as GMP revaluation rates or options available for members leaving with between 3-24 months of qualifying service, etc.).

Include:

- *Special circumstances* – specifically AVCs, a split rate of accrual, part-time service, augmented benefits or transferred-in benefits.
- Total values – remembering, where applicable, to always split out the values for each pension element and each element comprising the lump sum death benefit.
- Specific dates – remembering, where applicable, to always mention date of leaving, normal pension date, date of death or pension commencement date.

Exclude:

- Sections from any standard letter which are not relevant to the answer – (e.g. reference to GMPs for Category A members of the XYZ Scheme in cases where the member joined after 5 April 1997 or reference to pre 6 April 2006 benefits for the RST Scheme in cases where the member joined after 5 April 2006, etc.).