

## ADVICE TO LEARNERS ON THE PRINCIPLES OF THE CPC EXAMINATION UNITS

Each of the CPC examination units (of which there are 7 in total) consists of 2 case studies (**Section A – Calculations**) and a single draft letter for analysis, which is always associated with one of the case studies (**Section B – Draft Letter**).

The examination units are designed to test the competence of learners in the calculation and communication of pension benefits. They 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 5/4/2016) Category B: No

The qualification standards define what must be assessed in the examination units. Each examination unit consists of 2 elements, with each element having a set of performance criteria that define the standard that must be achieved by the learners.

The performance criteria for the first element cover the standard for the *calculation of benefits*. These criteria are tested by 2 case studies (**Section A** on the examination paper).

The performance criteria for the second element cover the standard for the *communication of benefits*. These criteria are tested by analysing a single draft letter associated with one of the case studies (**Section B** on the examination paper).

**Retirements, Deaths and Leavers** are each tested by a Part-1 examination (*without special circumstances*) and a Part-2 examination (*with special circumstances*).

Each of the case studies for a Part-1 examination (where each Part-1 examination is a single unit) is based on a member with core scheme benefits only.

Each of the case studies for a Part-2 examination (where each Part-2 examination is a single unit) is based on a member who, in addition to having core scheme benefits, typically has one of the following special circumstances:

- AVCs
- Enhanced accruals and spouse percentages
- Part-time service
- Augmented benefits
- Transferred-in benefits

***Transfers*** is tested by just one examination (this being a single unit). Each of the case studies for this examination (comprising one transfer in case study and one transfer out case study) is generally based on a member with core scheme benefits only. The only exception is where a member may additionally have AVCs.

The format and timings for the CPC examinations are as follows:

<b>Examination</b>	<b>Case Studies</b>	<b>Draft Letters</b>	<b>Duration</b>
<b><i>Leavers (Part-1)</i></b>	2	1	1.5 hours
<b><i>Leavers (Part-2)</i></b>	2	1	1.5 hours
<b><i>Deaths (Part-1)</i></b>	2	1	1.5 hours
<b><i>Deaths (Part-2)</i></b>	2	1	1.5 hours
<b><i>Retirements (Part-1)</i></b>	2	1	1.5 hours
<b><i>Retirements (Part-2)</i></b>	2	1	1.5 hours
<b><i>Transfers</i></b>	2	1	1.5 hours

## 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 Plan, 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, have a special circumstance (e.g. 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 where available limits 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:**

- All figures are transcribed correctly.
- All workings are clearly shown.
- All possible benefits and options are considered.

### **◆ Analyse the draft letter carefully**

#### **Make sure that:**

- All data specified as needing to be communicated in the draft letter is accurately transcribed from the answering of the case study to your answer box.
- Any expected basic information not communicated in the draft letter is identified and detailed in your answer box.
- Any wrong information communicated in the draft letter is identified and corrected in your answer box.