CPC EXAMINERS' REPORT
JULY 2026

This was the fourth set of CPC examinations under the new basis, and the second series to cover ***Deaths*** and ***Transfers***. With the new basis, each paper comprises 2 *Case Studies* and a *Draft Letter*.

The overall pass rate for ***Deaths Part 1*** was extremely high (pass rate = **92%**). It contained *Case Studies* relating to the *OPQ Retirement & Death Benefits Plan and XYZ Pension and Life Assurance Scheme (Category A)*. The *Draft Letter* was associated with this latter *Case Study*.

For the *Case Study* relating to the *OPQ Retirement & Death Benefits Plan*, the member was invested in the lifestyle fund. Although the end answers were generally correct, some candidates incurred errors by not always showing a full and accurate breakdown of the required components in arriving at the end answers. In addition, a few candidates incorrectly stated that the lump sum death benefit would be payable to one or more persons at the trustees' discretion when they should have stated that the benefit would be payable to the deceased member's estate or legal personal representatives (as the *Case Study* was 'death-in-deferment').

For the *Case Study* relating to the *XYZ Pension and Life Assurance Scheme (Category A)*, the occasional arithmetical error was made when determining the exact number of years and days for the pre-1997 and post-1997 tranches of pensionable service. Although the correct total spouse's pension was often calculated, some candidates were penalised for failing to provide splits for the excess and post-1988 WGMP elements.

For the *Draft Letter* associated with this *Case Study*, most candidates transcribed the required data values to their *Answer Box* without error. Encouragingly, most candidates successfully identified where key information had been omitted (and correctly stated what that information should have been). Most candidates also correctly identified where inaccurate information had been communicated in the *Draft Letter*, albeit there were a few candidates who failed to recognise that the indexation basis for the post-1988 WGMP should have referred to CPI and not RPI.

The overall pass rate for ***Deaths Part 2*** was also very high (pass rate = **87%**). The *Case Studies* related to the *XYZ Pension and Life Assurance Scheme (Category B)* and the *RST Pension Scheme* (which was associated with the *Draft Letter*).

The *Case Study* for the *XYZ Pension and Life Assurance Scheme (Category B)* was 'death-in-retirement' and it caused minimal issues, other than where some candidates incorrectly calculated the number of outstanding monthly pension payments to be used in determining the lump sum death benefit. Nearly all candidates dealt with the transfer-in special circumstance perfectly.

The second *Case Study* was 'death-in-service after normal pension date', and the enhanced accrual rates for the CARE and Underpin pensions were usually dealt with accurately. A few candidates did not recognise that a young spouse reduction should have been applied (albeit the calculation was nearly always correct when the reduction was applied).

The *Draft Letter* for ***Deaths Part 2*** was associated with this *Case Study.* As with ***Deaths Part 1***, the required data values were generally transcribed accurately. For missing information, most candidates recognised that the requirement to provide the deceased member's death certificate had been omitted, but not all candidates mentioned that the 'original' death certificate needed to be provided. With incorrect information, some candidates did not recognise that, for the young spouse reduction, the

Draft Letter should have stated the spouse was 10 years younger than the deceased member (rather than 10 years older).

The overall pass rate for ***Transfers*** was far higher than more recent series (pass rate = **84%**). For this paper, the transfer out *Case Study* (which was associated with the *Draft Letter*) related to the *XYZ Pension and Life Assurance Scheme* and the transfer in *Case Study* related to the *OPQ Retirement & Death Benefits Plan*.

The transfer out *Case Study* was usually answered well, with most mistakes tending to be either arithmetical errors or transcription errors. As with previous examination series, some candidates failed to state that independent financial advice needed to be provided by an authorised adviser regulated under the Financial Services and Markets Act 2000 (as the transfer values exceeded £30,000.00).

For the transfer in *Case Study* relating to the *OPQ Retirement & Death Benefits Plan*, there was a requirement for the transferred-in contributions to purchase units wholly in the lifestyle fund. As with the transfer out *Case Study*, the most common errors were arithmetical. In addition, in some instances, the actual units purchased in the individual funds comprising the lifestyle fund were not always rounded by candidates to the requisite 4 decimal places.

The *Draft Letter* for ***Transfers*** was linked to the transfer out *Case Study*. As with ***Deaths***, most candidates transcribed the required data values to their *Answer Box* without error. Some candidates did not spot that there was no reference in the *Draft Letter* to the fact that the member needed to provide their written authority for the transfer to proceed or, if they did, they did not always mention that such written authority needed to be provided within 3 months of the 'guarantee' date. For incorrect information, numerous candidates failed to identify that the age limit threshold for receiving guidance from Pension Wise in respect of the member's AVCs was wrongly stated as 55 (when it should have been 50).

By highlighting the key areas where candidates fell short of the required standard, it is hoped that similar failings will be avoided in the future. The final paragraphs below remain largely unaltered from previous Examiners' Reports since the comments are still apt and yet still get overlooked in many instances.

The Chief and Senior Examiners would advise candidates:

- To clearly show their workings since arithmetical errors are penalised less harshly than errors where the cause cannot be easily identified.

- To save time by only summarising their calculation results at the end of a question when the various options and values are not clear from the preceding calculations.

- To save time by transcribing only <u>relevant</u> information from the *Case Study* at the start of each question rather than writing down every item of data.

The Chief and Senior Examiners would remind centres and candidates that **scripts will not be marked** in any of the following circumstances:

- Where a candidate's name appears anywhere on the answer boxes.

- Where a centre or candidate has been proven to have followed incorrect formal procedures relating to the examinations.

The Chief and Senior Examiners believe that preparation and training are essential ingredients for success. Many candidates are fortunate to receive training organised by their centre or their employer. However, the Committee would like to stress the importance of all training materials being checked on a regular basis to ensure they are fully up to date and accurate. The Committee would also like to emphasise that centres and their candidates should not wait until the final moments before raising any calculation queries with the PMI as there is no guarantee they will be answered in time.

*** IMPORTANT INFORMATION ***

It should be stressed that candidates are expected to familiarise themselves fully with the latest 'Scheme Booklets' and 'Tables of Factors'. These will remain unaltered for the next series of CPC examinations in September 2026, which will cover Leavers and Retirements.

It should also be stressed that the latest sample *Case Studies* on the CPC Website, whilst providing a very useful guide, will never cover every scenario that may be encountered within the CPC examinations.

Centres and candidates need to be fully aware that the format of the CPC examinations changed from January 2026. Each examination now comprises 2 Case Studies and a draft Letter. The draft Letter requires elements of data derived from answering one of the Case Studies to be accurately transcribed to the answer box. In addition, expected basic information not communicated in the draft Letter will needs to be identified and detailed in the answer box, whilst information wrongly communicated in the draft Letter also needs to be identified and corrected in the answer box.

THE REQUIREMENTS FOR THE DRAFT LETTER ARE CLEAR AND SPECIFIC. ANY CANDIDATE WRITING AN ACTUAL LETTER WILL AUTOMATICALLY FAIL.

THE STATISTICS

The table below provides a detailed breakdown and summary of the key statistics relating to the July 2026 CPC examinations.

Unit	Scripts received	Pass	Fail	Success rate
Retirements Part 1				
Retirements Part 2				
Deaths Part 1	74	68	6	**92%**
Deaths Part 2	84	73	11	**87%**
Leavers Part 1				
Leavers Part 2				
Transfers	55	46	9	**84%**
TOTAL	**243**	**187**	**26**	**88%**

SUMMARY OF WORKED ANSWERS

<u>Deaths Part 1 – Question 1 (OPQ)</u>

<u>Calculation</u>

(1) LSDB of **£100,637.77** payable to Legal Personal Representatives / Estate (comprising refund of Personal Retirement Account only since death in deferment) – [LSDB of **£100,637.77** within remaining LS&DBA of **£978,530.00**]

<u>Deaths Part 1 – Question 2 (XYZ: Category A)</u>

<u>Calculation</u>

(1) LSDB of **£392,411.90** payable at Trustees' Discretion (comprising refund of contributions of **£103,011.90** plus life assurance of **£289,400.00** since death in service before NPD) – [LSDB of **£392,411.90** within remaining LS&DBA of **£1,073,100.00**]

PLUS

(2) Spouse's pension of **£21,212.76 p.a.** (excess over WGMP = **£20,937.16 p.a.** and post-1988 WGMP = **£275.60 p.a.**)

<u>Deaths Part 1 – Question 3 (Draft Letter in relation to Question 2)</u>

<u>Transcription requirements</u>

A	**£392,411.90**	(*total LSDB*)
B	**£289,400.00**	(*life assurance*)
C	**£103,011.90**	(*refund of contributions*)
B	**£1,073,100.00**	(*lump sum & death benefits allowance*)
E	**£21,212.76 p.a.**	(*spouse's total pension*)
F	**£275.60 p.a.**	(*spouse's post-1988 WGMP*)
G	**£20,937.16 p.a.**	(*spouse's excess pension*)

<u>Missing information</u>

(1) Frequency for payment of spouse's pension omitted (should mention 'spouse's pension will be payable monthly in advance')

(2) Request to provide spouse's bank details omitted

<u>Wrong information</u>

(1) Payee for LSDB incorrect (states LSDB payable to **Legal Personal Representatives**, but should be to **persons at trustees' discretion**)

(2) Pension increase date incorrect (states **1 August**, but should be **1 April**)

(3) Indexation rate for post-1988 WGMP incorrect (states **lower of 3.0% or RPI**, but should be **lower of 3.0% or CPI**)

Deaths Part 2 – Question 1 (XYZ: Category B)

Calculation

(1) LSDB of **£36,984.40** payable at Trustees' Discretion (comprising balance of 5 years' member pension instalments only since death in retirement) – [LSDB of **£36,984.40** within remaining LS&DBA of **£1,033.155.00**]

PLUS

(2) Spouse's pension of **£8,230.11 p.a.**

Deaths Part 2 – Question 2 (RST)

Calculation

(1) LSDB of **£274,790.58** payable at Trustees' Discretion (comprising refund of contributions of **£96,414.33** plus life assurance of **£178,376.25** since death in service after NPD) – [LSDB of **£274,790.58** within remaining LS&DBA of **£1,073,100.00**]

PLUS

(2) Spouse's pension of **£11,399.41 p.a.** (pre-2006 = **£3,495.42 p.a.** and post-2006 = **£7,903.99 p.a.** {including young spouse reduction})

Deaths Part 2 – Question 3 (Draft Letter in relation to Question 2)

Transcription requirements

A	**£274,790.58**	(*total LSDB*)
B	**£178,376.25**	(*life assurance benefit*)
C	**£1,073,100.00**	(*lump sum & death benefits allowance*)
D	**£11,399.41 p.a.**	(*spouse's total pension*)
E	**£3,495.42 p.a.**	(*spouse's pre-2006 pension*)
F	**£7,903.99 p.a.**	(*spouse's post-2006 pension*)

Missing information

(1) Refund of contributions in breakdown list of LSDB components omitted (should mention 'Refund of contributions of £96,414.33')

(2) Request to provide deceased member's original death certificate omitted (should specifically mention 'deceased member's 'original' death certificate')

Wrong information

(1) Date of death for deceased member incorrect (states **30 May 2026**, but should be **30 June 2026**)

(2) Reason for young spouse reduction incorrect (states spouse is **more than 10 years older**, but should be **more than 10 years younger**)

(3) Indexation rate for spouse's pre-2006 pension incorrect (states **RPI**, but should be **RPI, subject to a maximum of 5.0%**)

Transfers – Question 1 (XYZ: Transfer Out)

Calculation

Total Transfer Value of **£98,255.47**, which includes the post-1997 Transfer Value of **£91,909.67** (member additionally has a current AVC Fund Value of **£19,589.34**) – *mention requirement for independent financial advice from authorised adviser regulated under Financial Services & Markets Act 2000 if transferring to an arrangement where benefits can be accessed flexibly (as TV exceeds **£30,000.00**)*

Transfers – Question 3 (Draft Letter in relation to Question 1)

Transcription requirements

A	**£98,255.47**	(*total transfer value*)
B	**£91,909.67**	(*post-1997 element of transfer value*)
C	**£19,589.34**	(*current value of AVCs*)
D	**£30,000.00**	(*threshold of transfer value, above which financial advice required*)

Missing information

(1) Reference to 'Pension Scams' omitted (not expected to mention 'The Pensions Regulator' or 'Pension Scams' booklets)

(2) Reference to member's written authority to proceed omitted (should mention 'written authority must be provided within 3 months of guarantee date')

Wrong information

(1) Transfer calculation date (guarantee date) incorrect (states **8 July 2026**, but should be **3 July 2026**)

(2) Time period for Trustees to perform various statutory activities from guarantee date incorrect (states **9 months**, but should be **6 months**)

(3) Age threshold for receiving Pension Wise guidance (in respect of AVCs) incorrect (states **age 55**, but should be **age 50**)

Transfers – Question 2 (OPQ: Transfer In)

Calculation

The Transfer-in of **£95,263.54** would purchase units in the member's Personal Retirement Account split between Funds and Contribution Types as follows:

Global Equity Fund – (*Lifestyle*)

Member contributions	-	**2,971.2719 units**
Employer contributions	-	**5,260.3061 units**
AVCs	-	**3,724.0533 units**
Total		**11,955.6313 units**

Index Linked Bond Fund – (*Lifestyle*)

Member contributions	-	**3,377.3695 units**
Employer contributions	-	**5,979.2568 units**
AVCs	-	**4,233.0371 units**
Total		**13,589.6634 units**

Cash Fund – (*Lifestyle*)

Member contributions	-	**1,422.6545 units**
Employer contributions	-	**2,518.6515 units**
AVCs	-	**1,783.0887 units**
Total		$\boxed{\textbf{5,724.3947 units}}$

OR

Member Contributions – (*Lifestyle*)

Global Equity Fund	-	**2,971.2719 units**
Index Linked Bond Fund	-	**3,377.3695 units**
Cash Fund	-	**1,422.6545 units**
Total		**N/A**

Employer Contributions – (*Lifestyle*)

Global Equity Fund	-	**5,260.3061 units**
Index Linked Bond Fund	-	**5,979.2568 units**
Cash Fund	-	**2,518.6515 units**
Total		**N/A**

AVCs – (*Lifestyle*)

Global Equity Fund	-	**3,724.0533 units**
Index Linked Bond Fund	-	**4,233.0371 units**
Cash Fund	-	**1,783.0887 units**
Total		**N/A**