

# Pensions Trusteeship Pathway

## PMI Pensions Trusteeship Pathway©2024

6th Floor  
9 Appold Street London  
EC2A 2AP



[www.pensions-pmi.org.uk](http://www.pensions-pmi.org.uk)



[info@pmi-pensions.org.uk](mailto:info@pmi-pensions.org.uk)



+44 (0) 20 7247 1452

## About the Pensions Management Institute (PMI)

Founded in 1976, the Pensions Management Institute (PMI) is the UK's largest and most recognisable professional body for employee benefit and retirement savings professionals, supporting over 6,500 members.

PMI's members, represented throughout the UK, are responsible for managing and advising some of the largest institutions in the world accounting for £1.3 trillion invested in pensions. We promote excellence through a range of services for the benefit of members, the wider economy and with over six million now saving as a result of automatic enrolment, society as a whole.

The purpose of the Institute is "To set and promote standards of excellence and lifelong learning for employee benefits and retirement savings professionals and trustees through qualifications, membership and ongoing support services".

To achieve this, the PMI:

- Promotes and embeds professional standards, setting the benchmarks for best practice in the employee benefits and retirement savings industry
- Produces qualifications that have a reputation for excellence and ensure that employee benefits and retirement savings professionals, whether they are scheme managers, consultants, administrators or trustees, are educated to the very highest standards and the latest legislation
- Provides continued lifelong learning designed to strengthen the knowledge and skills of employee benefit and retirement savings practitioners in performing to the best of their ability
- Plays a pivotal role shaping the industry, working with government and collaborating with other bodies on research and thought leadership on key issues
- Presents an annual conference and a wide range of technical seminars from entry-level to those for highly experienced professionals
- Provides industry-leading insight, including PMI News, PMI TV, newsletters and blogs to keep practitioners abreast of the very latest developments in a rapidly changing industry
- Proactively has a voice in mainstream and social media with a presence on Twitter and LinkedIn

## PMI Qualifications

The PMI is the UK's leading professional body for those working in the field of employee benefits and retirement savings. It supports and develops the experts who are responsible for running the UK's pensions industry and is acknowledged as the body for establishing, maintaining and improving professional standards in every area of pension scheme management, consultancy and trusteeship.

PMI qualifications are recognised for both their depth and their standing within the industry. If you choose a single unit, standalone qualification, or a multi-unit qualification over a number of years, it is recognised by the Pensions Industry as having the depth and rigour to demonstrate the knowledge and expertise of those taking them.

## Syllabuses

Each syllabus area is presented in a form which is intended to give an indication of the depth and breadth of knowledge which is required. Each syllabus area is divided into sections with an initial statement, or learning outcome, indicating what is expected of learners. These learning outcomes are expressed through command verbs relevant to the level of study undertaken.

Command verbs themselves are broken down into those that are knowledge driven and those that require application. For all PMI assessments, your command verbs will be mainly made of the following (this list is just a guide):

### Knowledge (up to Level 4) (Core Units)

Command Verb	Explanation
Define	State or describe the nature or scope of something
Describe	Express, fully and clearly, the details/facts of (e.g. "Describe the benefits payable under a term assurance policy")
Draw	Produce a representation of...a diagram, graph, chart etc. (e.g. "Draw a diagram to illustrate the profit-maximising price")
Identify	Point out or choose the right one or give a list of the main features
Label	Attach a name to unidentified terms ...on a graph, chart, diagram, table (e.g. "Label the axes")
List	Make a list of (e.g. "List the Technical Actuarial Standards issued by the Financial Reporting Council")
State	Express the details/facts of... without elaboration (e.g. "State the principles of investment")
Understand	To know the meaning of something
Use	Apply the information provided or apply prior learning/To put into service or action. Employ for a given purpose
Write Down	Provide exactly what has been asked for, without explanation or elaboration

## Application (up to Level 4) (Core Units)

Command Verb	Explanation
Calculate	Ascertain or reckon mathematically
Construct	Produce what has been asked for, with appropriate structure (e.g. "Construct a table showing...")
Demonstrate	Prove with certainty or exhibit by practical means
Derive	Develop a result from first principles (or from the given starting point)
Describe	Express, fully and clearly, the details/facts of (e.g. "Describe the risks arising" under a specific given scenario)
Determine	Find the solution by argument or calculation, making clear your reasoning (e.g. "Determine the type of event that has occurred, based on the data provided")
Draft	Produce a document in the specified format (e.g. report, letter, etc.)
Explain	Make clear the meaning or purpose or details of, or the justification for
Express	Write down the result in the specified terms
Give	Write down what has been asked for, without elaboration (e.g. "Give an example of...")
List	Make a list of (e.g. "List the assumptions/rating factors that would be required to price this product")
Outline	Describe briefly without elaboration or explanation
Prepare	Make or get ready for use
Prove	Demonstrate the truth of what is indicated, through mathematical argument
Show	1. Demonstrate that the given result is correct 2. Display the output of a specific part of a computer package item
Solve	Find a mathematical answer to
State	Express the details/facts of... without elaboration (e.g. "State whether the investor should take a long or short position on the option in this situation")
Verify	Demonstrate to be true

## Higher Order Skills (above Level 4)

Command Verb	Explanation
Analyse	Break down into component parts
Assess	Judge the effectiveness, implications, relevance, importance, suitability and/or value of
Comment on	Give brief conclusions on
Compare	Highlight the similarities and differences between
Contrast	Highlight the differences between
Determine	Find the solution by argument or calculation, making clear your reasoning (e.g. "Determine the most appropriate course of action for the company, within the given constraints")
Discuss	Write about in some detail, taking into account different issues or points of view
Estimate	Calculate a result, using judgement to decide on suitable assumptions and/or approximations (Used when the result is not definitive. Assumptions made should be expressed clearly and intermediate workings should be shown)
Evaluate	Judge the suitability of something for a given purpose
Identify	Select after consideration of the possible options or alternatives
Justify	Provide reasons to support
Propose	Select and then communicate a solution, action or range of possible solutions/actions (Justification is not expected unless explicitly asked for, e.g. "with reasons")
Recommend	Select and then communicate a preferred solution or course of action (Justification is not expected unless explicitly asked for, e.g. "with reasons")
Set out	Write down in a structured way
Suggest	Communicate a range of solutions, actions or reasons without justification (This is normally used in a situation where there is insufficient information provided to form a definitive recommendation or proposal, e.g. "Suggest possible reasons" or "Suggest possible actions")

## Guidance Notes on the Use of Command Verbs

There should only be one command verb used per question. For example, learners are asked to describe or explain, not describe and explain.

You would not normally expect to see Knowledge and Application verbs used in the higher level modules. If they are to be used, then they will only be as 'a starter before the main meal'. For example, if it is necessary to **describe** (Knowledge) the different Quality Management Systems (QMS) before introducing the concept of **evaluating** (Higher Order) a single (and appropriate) QMS into the learners own organisation, then that is acceptable.

## Qualification Aim


The aim of the PMI Pensions Trusteeship Pathway is to provide the required professional knowledge, skills and understanding for an individual to undertake, after sufficient experience, a position as a Professional Trustee.

By undertaking the Pensions Trusteeship Pathway, the learner is provided with a specific route into Fellowship at the PMI via a pathway designed around the educational needs of professional Trustees and of the sector.

## Syllabus

The syllabus and the examinations for this qualification are based on the law and practice of the United Kingdom as it existed on 6 April the previous year, unless stated otherwise.

## The Pathway

	Pathway	Units and Qualifications needed to be completed
	Pensions Trusteeship	<p>The following qualifications:</p> <ul style="list-style-type: none"> <li>• PMI Level 4 Retirement Provision Certificate (RPC)</li> <li>• PMI Level 3 Certificate in Pensions Trusteeship (CPT)</li> <li>• PMI Level 5 Diploma in Pensions Trusteeship (DPT)</li> </ul> <p>And the following units:</p> <ul style="list-style-type: none"> <li>• Defined Benefit Arrangements Unit (DBA)</li> <li>• Defined Contribution Arrangements Unit (DCA)</li> <li>• Professionalism and Governance Unit (P&amp;G)</li> </ul>

## Level

The Retirement Provision Certificate is a **Level 4** qualification of the Regulated Qualification Framework.

The Certificate in Pensions Trusteeship is a **Level 3** qualification on the Regulated Qualification Framework

The Diploma in Pensions Trusteeship is a **Level 5** qualification on the Regulated Qualification Framework.

The Pensions Trusteeship Pathway has been benchmarked against the Regulated Qualification Framework to provide an outcome equivalent to a **Level 6** qualification.

Mandatory Qualifications (that must be taken as part of this pathway).

#### [The PMI Level 4 Retirement Provision Certificate](#) (Compulsory)

The Retirement Provision Certificate provides a broad introduction to pensions and other related benefits in the UK for those learners to pensions and for those professionals working in related fields. It provides a broad introduction to pensions and other related benefits in the UK.

This provides an in depth underpinning knowledge of the Pensions sector necessary this qualification.

#### [The PMI Level 3 Certificate in Pensions Trusteeship \(CPT\)](#) (Compulsory)

The Certificate in Pension Trusteeship will give those wishing to become Accredited Trustees the necessary qualification to prove their knowledge and their application of this knowledge, in their role as an Accredited Trustee.

It is a qualification designed to demonstrate candidates' competence in the technical areas of Trusteeship (Unit 1) and the application of that knowledge through Soft Skills (Unit 2). It is based on standards of occupational competence which have been defined by the industry.

#### [The PMI Level 5 Diploma in Pensions Trusteeship \(DPT\)](#) (Compulsory)

The Diploma in Pension Trusteeship is a qualification designed to show judgement when dealing with complex pensions issues, above and beyond technical knowledge.

The aim of this qualification is to increase professionalism further and highlight the distinction between Lay/Member nominated trustees and Professional trustees qualified at the same level. The Diploma is the PMI's first qualification to integrate ESG into its course material, making it a markedly more advanced qualification.

For this Pathway it is expected that learners will have successfully completed the:

1. PMI Level 4 Retirement Provision Certificate (RPC) ; and the
2. PMI Level 3 Certificate in Pensions Trusteeship (CPT)
3. PMI Level 5 Diploma in Pensions Trusteeship (DPT)

Before they move onto completing the higher units of:

- Defined Benefit Arrangements (DBA)
- Defined Contribution Arrangements (DCA)
- Professionalism and Governance (P&G)

We would also anticipate most candidates would be working in the field.

#### Links with other qualifications and progression

Those learners who complete the Pensions Trusteeship Pathway can apply to other educational establishments/universities to continue their studies at **Level 6** or above dependent on the qualification and the study establishment.



## Qualification Structure and Assessment

The Pensions Trusteeship Pathway is structured as follows:

Level 6 Pensions Trusteeship Pathway		
Mandatory Qualifications		
Title	Level	Credits
PMI Level 3 Certificate in Pensions Trusteeship	3	14
PMI Level 4 Retirement Provision Certificate	4	10
PMI Level 5 Diploma in Pensions Trusteeship	5	16
Mandatory Units		
Unit Title	Level	Credits
Defined Benefit Arrangements	6	20
Defined Contribution Arrangements	6	20
Professionalism and Governance	6	20
Total credits needed to complete the Qualification		110

## Total Qualification Time (TQT)

The TQT includes the time spent taking the pre-requisite qualifications.

In making an estimate we have referenced the approach used by Ofqual (the English qualifications regulator). This is also known as Total Qualification Time (TQT) or Guided Learning Hours. TQT is comprised of:

1. Guided Learning Hours (GLH). This means time spent being taught by an instructor (and not necessarily face to face);
2. Assessment Time, and
3. Study Time. (this means self study/revision/reading)

In order to be consistent with Ofqual requirements and to provide an estimation of study time we have calculated the following:

Guided learning hours (GLH)	30	(Revision Courses)
Self-study (SS)	1100	(Distance Learning/Use of Learning Website)
Formative Assessment (F)	32	(Mock Exams/Assignments)
Summative Assessment (S)	20	(Online Exams)
Total Assessment Time (TAT)	82	(F+S)
<b>Total Qualification Time</b>	<b>1212 Hours (GLH+SS+TAT)</b>	

As

GLH, as defined above, is not common, then we have estimated 0 hours for this component.

The above estimates are based on evidence we have gathered from users of our qualifications, past experience and benchmarking exercises. The evidence we have gathered indicates that there is considerable variation within the overall TQT estimates as blended approaches are common with differing mixes of Guided Learning and other elements which contribute to TQT. These estimates are reviewed regularly.

## Membership

Learners signing up to this pathway have to be at least **Student Members** of the PMI.

**Student Members** completing any one of the following qualifications within the Pathway:

- PMI Level 4 Retirement Provision Certificate (RPC)
- PMI Level 3 Certificate in Pensions Trusteeship (CPT)
- PMI Level 5 Diploma in Pensions Trusteeship (DPT)

will be eligible to join the **Professional Member** grade (PPMI).

**Associate Membership** (APMI) can be applied for when all qualifications & modules in the pathway are completed and the learner has been a **Professional Member** for at least 2 years.

**Fellowship** (FPMI) can be applied for when the member has been an **Associate Member** and completed the necessary CPD for a period of **5 years**.

## Fees

All fees can be found through accessing the [PMI Qualifications pages](#) via the individual unit/pathways chosen.

## Support and Recognition

These qualifications have been developed with the support of Industry bodies that support the Pensions Sector in the United Kingdom.

## Regulation

The RPC, CPT and DPT are regulated by Ofqual.

Ofqual is 'The Office of Qualifications and Examinations Regulation' and as such is a non-ministerial government department that regulates qualifications, exams and tests in England.

**DBA – Defined Benefit Arrangements**

**Unit Aims**

To provide an in depth understanding of trust-based defined benefit (DB) arrangements, building on and utilising the knowledge gained in the core units and applying it in a variety of scenarios, recognising the requirements of different stakeholders.

<b>Unit Level</b>	6	<b>Unit Reference</b>	DBA
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<b>TQT</b>	247	<b>Unit Grading Structure</b>	Pass/Fail (55% pass boundary)
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<b>Assessment Guidance</b>	Written Exam (online)
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<b>Learning Outcomes - The Learner will:</b>	<b>Syllabus - The Learner can:</b>
<p><b>1.</b> Demonstrate an understanding of the factors which influenced defined benefit scheme design and the trend for new arrangements to be defined contribution schemes.</p>	<p><b>(A)</b> Explain the impact of the following:</p> <ul style="list-style-type: none"> <li>• Employer needs</li> <li>• Employee needs</li> <li>• Legislation</li> <li>• Corporate activity</li> <li>• State provision</li> <li>• Administrative considerations</li> <li>• Eligibility conditions, contractual enrolment and automatic enrolment</li> <li>• Design of contribution structures</li> <li>• Salary sacrifice and its application</li> <li>• New developments</li> </ul>
<p><b>2.</b> Understand the different types of DB arrangements and current trends</p>	<p><b>(A)</b> analyse each of the following workplace arrangements:</p> <ul style="list-style-type: none"> <li>• Final salary (including cash balance)</li> <li>• Career average</li> <li>• Defined ambition (risk sharing schemes)</li> </ul> <p><b>(B)</b> Analyse individual and executive arrangements</p>
<p><b>3.</b> Demonstrate an understanding of certain key features of the tax system that apply to defined benefit schemes</p>	<p><b>(A)</b> Analyse the impact of the following:</p> <ul style="list-style-type: none"> <li>• Tax relief on contributions and investment return</li> <li>• Authorised and unauthorised payments</li> <li>• Annual Allowance</li> <li>• Lifetime Allowance</li> <li>• Protection</li> <li>• Benefit Crystallisation Events</li> <li>• Registration and de registration</li> <li>• Scheme pays</li> </ul>

<p>4. Identify the roles of the employer and trustees</p>	<p><b>(A)</b> Evaluate the importance of:</p> <ul style="list-style-type: none"> <li>• Legal requirements</li> <li>• Good governance and best practice including the voluntary “Code of Good Practice” on Incentive Exercises</li> <li>• Governance and impact on member outcomes</li> </ul> <p><b>(B)</b> Evaluate each of the following:</p> <ul style="list-style-type: none"> <li>• Selection, appointment, management, monitoring and review of advisers, delivery vehicles and providers</li> </ul>
<p>5. Demonstrate an understanding of the impact of the abolition of contracting out</p>	<p><b>(A)</b> Explain the requirements for each of the following:</p> <ul style="list-style-type: none"> <li>• Historic requirements</li> <li>• Changes to scheme design</li> <li>• Reporting requirements (leavers; retirements; solvency)</li> <li>• GMP equalisation/reconciliation/convergence</li> <li>• Cessation</li> </ul>

6. Describe the scheme level requirements for the administration of DB arrangements

**(A)** Active, deferred and pensioner members:

- Communication
  - disclosure
  - pension saving statements
  - Additional Voluntary Contribution (AVC) Statutory Money Purchase Illustrations
- Reconciliation procedures
- AVC
  - investments
  - switching/redirection
  - charges
  - guarantees

**(B)** Options on early leaving:

- Refunds
- Deferred benefits,
- Transfers (in and out) including public sector restrictions

**(C)** Retirement options:

- Retirement
- Ill-health retirement
- Phased retirement
- Flexible retirement
- Lump sum options including trivial commutation
- Open market option and different types of annuities

**(D)** Death benefits:

- On death before and after retirement
- Payment of lump sums and dependant's pensions
- Record keeping

<p>7. Describe the scheme level requirements for the administration of defined contribution AVC arrangements</p>	<p>(A) Explain the requirements for each of the following:</p> <ul style="list-style-type: none"> <li>• Objectives of defined contribution administration <ul style="list-style-type: none"> <li>◦ contribution and investment processing cycle</li> </ul> </li> <li>• Legislative requirements for member contributions</li> <li>• Reconciliation procedures</li> </ul>
<p>8. Demonstrate an understanding of the legal requirements relating to the funding of registered pension schemes and the practical issues to which they can give rise</p>	<p>(A) Describe and explain the principles of scheme financing  (B) Outline scheme specific funding  (C) Analyse funding objectives and measurement  (D) Explain each of the following:</p> <ul style="list-style-type: none"> <li>• Financial and demographic assumptions</li> <li>• Calculations of contribution rates</li> <li>• The treatment of types of asset and liability</li> <li>• Use of contingent assets</li> <li>• Setting factors for early/late retirement commutation, transfer factors</li> <li>• The calculation of individual and group transfer values</li> <li>• Actuarial valuations and reports</li> <li>• The role of the Pensions Regulator</li> </ul> <p>(E) Outline annual funding statements  (F) Explain the significance of employer covenant  (G) Define recovery plans and the schedule of contributions  (H) Outline company accounting standards for pension schemes</p>
<p>9. Identify and distinguish between different methods of actuarial funding</p>	<p>(A) Analyse each of the following:</p> <ul style="list-style-type: none"> <li>• Projected unit method</li> <li>• Attained age method</li> <li>• Discontinuance</li> <li>• Section 179 Pension Protection Fund basis</li> <li>• Accounting standards</li> </ul>

**10.** Describe what factors should be taken into account when determining a defined benefit fund's overall investment strategy

**(A)** Analyse the impact of the following:

- Size of scheme, funding level
- Strength of employer covenant
- Role of regulation and legislation
- Employer and trustee attitude to risk
- Cash flow requirements
- Liability profile
- Asset/liability modelling
- Liability driven investment
- Asset allocation
- Risk management
- Statement of Investment Principles
- De-risking strategies

<p><b>11.</b> Demonstrate an understanding of the approaches to managing risk, de-risking and the advantages and disadvantages of each</p>	<p><b>(A)</b> Define and analyse the current approaches:</p> <ul style="list-style-type: none"> <li>• Buy in/buy out</li> <li>• Longevity swaps</li> <li>• Liability driven investment</li> </ul>
<p><b>12.</b> Demonstrate an understanding of the Pension Protection Fund (PPF) levy</p>	<p><b>(A)</b> Describe and explain</p> <ul style="list-style-type: none"> <li>• The purpose of the PPF levy</li> <li>• The calculation basis and issues arising</li> </ul>
<p><b>13.</b> Demonstrate an understanding of the stages of restructuring a defined benefit scheme</p>	<p><b>(A)</b> Analyse each of the following:</p> <ul style="list-style-type: none"> <li>• Reviewing benefit design</li> <li>• Changing future benefit or contribution structure</li> <li>• Closing to new entrants</li> <li>• Ceasing future accrual</li> <li>• Operating as a closed scheme</li> <li>• Winding up</li> <li>• Cessation of contracting out</li> </ul>
<p><b>14.</b> Describe the procedures to be adopted in connection with the winding up of a pension scheme and demonstrate an understanding of the powers and duties of trustees in such situations and related issues</p>	<p><b>(A)</b> Outline the interaction with the employer  <b>(B)</b> Explain scheme termination  <b>(C)</b> Define the procedure for wind up  <b>(D)</b> Explain the issue of company insolvency outline the role of:</p> <ul style="list-style-type: none"> <li>• The Pension Protection Fund</li> <li>• The Financial Assistance Scheme</li> </ul> <p><b>(E)</b> Describe discharging benefits on termination</p>
<p><b>15.</b> Describe the process to be followed for a pension scheme's journey into the Pension Protection Fund and demonstrate an understanding of the duties of trustees in such situations and related issues</p>	<p><b>(A)</b> Explain the stages in the process:</p> <ul style="list-style-type: none"> <li>• Section 120 notice</li> <li>• Assessment period</li> <li>• Transition</li> <li>• Compensation</li> <li>• Entry to the PPF</li> <li>• Communication</li> <li>• Project management</li> <li>• Timescales</li> </ul>



**16.** Demonstrate an understanding of the challenges created by legacy issues

**(A)** Understand the challenges created by:

- Administering legacy arrangements
- Contracting out
- Reporting requirements
- Data standards
- Resolution of data discrepancies

## DCA – Defined Contribution Arrangements

### Unit Aims

To provide an in depth understanding of trust and contract-based Defined Contribution (DC) arrangements, building on and utilising the knowledge learners have gained in the core units to show that they can apply this in a variety of scenarios, recognising the requirements of different stakeholders.

<b>Unit Level</b>	6	<b>Unit Reference</b>	DCA
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<b>TQT</b>	247	<b>Unit Grading Structure</b>	Pass/Fail (55% pass boundary)
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<b>Assessment Guidance</b>	Written Exam (online)
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Learning Outcomes - The Learner will:	Syllabus - The Learner can:
<p><b>1.</b> Demonstrate an understanding of the factors which influence DC arrangement design and their influence on administration</p>	<p><b>(A)</b> Explain the impact of the following:</p> <ul style="list-style-type: none"> <li>• Employee needs</li> <li>• Employer strategy including corporate activity</li> <li>• Legislation and legacy issues</li> <li>• State provision</li> <li>• Administrative considerations</li> <li>• Eligibility conditions, contractual enrolment and automatic enrolment</li> <li>• Design of contribution structures including automatic enrolment phasing</li> <li>• Salary sacrifice and its application</li> <li>• Charging structures and costs</li> </ul>
<p><b>2.</b> Understand the different types of DC arrangements and current trends</p>	<p><b>(A)</b> Analyse each of the following workplace arrangements:</p> <ul style="list-style-type: none"> <li>• Trust-based</li> <li>• Contract-based</li> <li>• Group</li> <li>• Employer-sponsored arrangements</li> <li>• Bundled and unbundled arrangements</li> <li>• Master trusts</li> </ul>
<p><b>3.</b> Evaluate the importance of system design in the administration of DC arrangements</p>	<p><b>(A)</b> Analyse the impact of the following:</p> <ul style="list-style-type: none"> <li>• System requirements</li> <li>• Legislative requirements</li> <li>• Interfaces</li> <li>• Online access</li> <li>• Online enrolment</li> <li>• Straight Through Processing</li> </ul>

<p>4. Demonstrate an understanding of the regulatory bodies and their key functions and consider the financial aspects of DC administration</p>	<p>(A) Explain the functions of each of the following:</p> <ul style="list-style-type: none"> <li>• Her Majesty's Revenue &amp; Customs</li> <li>• The Pensions Regulator</li> <li>• Financial Conduct Authority/The Prudential Regulation Authority</li> </ul> <p>(B) Explain the requirements for each of the following:</p> <ul style="list-style-type: none"> <li>• Bank accounts</li> <li>• Cash management</li> <li>• Scheme accounts and auditing</li> <li>• Risk benefits and re-broking</li> </ul>
<p>5. Describe the member level requirements for the administration of DC arrangements</p>	<p>(A) Explain the procedures involved in:</p> <ul style="list-style-type: none"> <li>• Contribution management</li> <li>• Contribution investment processing including:</li> <li>• Payment of contributions</li> <li>• Investment switches/redirections</li> <li>• Purchase of units</li> <li>• Unit reconciliation checks</li> <li>• Disinvestments</li> <li>• Analyse the impact of the following:</li> <li>• Tax relief on contributions</li> <li>• Annual Allowance, Tapered Annual Allowance and Money Purchase Annual Allowance and Scheme Pays</li> <li>• Active and deferred member communications:</li> <li>• Pension savings statements</li> <li>• Benefit statements and Statutory Money Purchase Illustrations</li> </ul>

6. Explain the authorised pension benefits payable from DC arrangements

**(A)** Describe each of the following:

- Options on early leaving:
  - refunds
  - deferred benefits
- Transfer options
- Death benefit options:
  - death in service
  - death in deferment
  - death in retirement
- Retirement options:
  - different types of annuities, including enhanced and the open market option
  - lump sum options including full commutation
  - income drawdown (capped and flexible)
  - uncrystallised funds pension lump sum
  - at/when given retirement advice
- Timing of retirement
  - early retirement
  - phased/flexible retirement
  - ill-health retirement
- Closing and winding up schemes
- Disclosure requirements including retirement risk warnings

**(B)** Analyse the impact of the Lifetime Allowance:

- Various protection regimes
- Benefit Crystallisation Events
- Registration and de-registration

<p>7. Identify the roles of the employer, trustees, providers and employer and provider governance committees and distinguish between trust-based and contract-based pension arrangements</p>	<p><b>(A)</b> Evaluate each of the following:</p> <ul style="list-style-type: none"> <li>• Governance structures/committees:</li> <li>• Trustee (e.g. DC sub-committee/master trust)</li> <li>• Employer</li> <li>• Provider</li> </ul> <p><b>(B)</b> Evaluate the importance of:</p> <ul style="list-style-type: none"> <li>• Legal requirements around governance</li> <li>• Best practice</li> <li>• Charges and value for money</li> <li>• Internal controls</li> <li>• Conflicts of interest</li> <li>• Record keeping and regular reconciliations</li> <li>• The Chair's statement</li> <li>• Risk management including reviewing advisers, delivery vehicles and providers</li> <li>• Good member outcomes including member communication and engagement</li> </ul> <p><b>(C)</b> Describe the role of the Pensions Regulator in supporting good governance in relation to:</p> <ul style="list-style-type: none"> <li>• Guidance</li> <li>• Code of Practice</li> <li>• How to Guides</li> </ul>
<p>8. Describe what factors should be taken into account by employers, trustees and governance committees when determining investment strategy</p>	<p><b>(A)</b> Analyse the impact of the following:</p> <ul style="list-style-type: none"> <li>• Default funds and their review</li> <li>• Range of funds</li> <li>• Monitoring performance</li> <li>• Statement of Investment Principles</li> <li>• Investment Governance Group Principles</li> </ul>
<p>9. Understand the investment considerations for members of DC arrangements</p>	<p><b>(A)</b> Analyse each of the following:</p> <ul style="list-style-type: none"> <li>• Different types of investments and the risk attached to each:             <ul style="list-style-type: none"> <li>○ default funds</li> <li>○ target date funds</li> <li>○ lifestyle options</li> </ul> </li> <li>• Types of investment management and charging</li> <li>• Investment platforms</li> <li>• Lifestyle strategies</li> </ul>

<p><b>10.</b> Demonstrate an understanding of individual arrangements and specialist pension provision for executives and directors</p>	<p><b>(A)</b> Describe each of the following:</p> <ul style="list-style-type: none"> <li>• Different arrangements for executives and directors <ul style="list-style-type: none"> <li>○ Executive Pension Plans</li> <li>○ Small Self Administered Schemes</li> <li>○ Employer Financed Retirement Benefit Schemes</li> </ul> </li> <li>• Different types of individual pension arrangement <ul style="list-style-type: none"> <li>○ personal pension plans</li> <li>○ stakeholder schemes</li> <li>○ self-invested personal pensions</li> <li>○ retirement annuity contracts</li> </ul> </li> </ul>
<p><b>11.</b> Outline recent developments in legislation and forthcoming changes that will impact on DC pension provision</p>	<p><b>(A)</b> Explain the impact of recent developments:</p> <ul style="list-style-type: none"> <li>• Taxation of ROPS transfers</li> <li>• Pensions Advice Allowance</li> <li>• Reduction to Money Purchase Annual Allowance</li> <li>• Market consolidation (bulk transfers of DC pensions without consent and master trust developments)</li> <li>• Latest DC governance reforms including early exit charges and transparency measures</li> <li>• Pensions Dashboard</li> <li>• Lifetime ISA and comparison to DC pension savings, pensions tax relief consultation</li> <li>• General Data Protection Regulation</li> <li>• Measures to tackle pension scams</li> </ul>

Professionalism and Governance

Unit Aims

To provide learners with:

An understanding of the importance of professionalism and ethics and the importance of continuing their own professional development. It offers an appreciation of risk and governance issues as they apply to pension schemes, the opportunity to demonstrate their ability to apply risk and governance principles in a practical situation and then evidence that they can communicate their knowledge in a way that is relevant to their audience.

<b>Unit Level</b>	6	<b>Unit Reference</b>	P&G
<b>TQT</b>	247	<b>Unit Grading Structure</b>	Pass/Fail (55% pass boundary)
<b>Assessment Guidance</b>		Written Exam (online)	

Learning Outcomes - The Learner will:	Syllabus - The Learner can:
<p><b>1.</b> Demonstrate an awareness of the Professional Standards expected of PMI Members as set out in the PMI Code of Professional Conduct.</p>	<p><b>(A)</b> Discuss the importance of the following:</p> <ul style="list-style-type: none"> <li>• Observing regulatory and legal requirements</li> <li>• Acting with the highest standards of professionalism and integrity</li> <li>• Providing an objective high standard of service</li> <li>• Acting in the best interests of each client</li> <li>• Treating people fairly in accordance with regulations</li> </ul>
<p><b>2.</b> Demonstrate an understanding of the importance of continuing personal development (CPD)</p>	<p><b>(A)</b> Have knowledge of and be able to discuss each of the following:</p> <ul style="list-style-type: none"> <li>• Trustee Knowledge and Understanding (TKU)</li> <li>• Continuing Professional Development in relation to the requirements of the PMI and other professions</li> </ul>
<p><b>3.</b> Demonstrate an understanding of professionalism and business ethics</p>	<p><b>(A)</b> Analyse the importance of the following:</p> <ul style="list-style-type: none"> <li>• Corporate culture</li> <li>• Dealing with complaints</li> <li>• Conflicts of interest</li> <li>• Ethical dilemmas - identification, implications and appropriate behaviour</li> <li>• Whistle-blowing legislative requirements and the protections given to whistle blowers</li> </ul>

4. Explain the commercial aspects of operating a workplace pension scheme

(A) Analyse each of the following:

- The types of costs involved in delivering pensions
- The costs which can be controlled and which can only be mitigated
- The value and limitations of budgets
- Managing the range of commercial relationships



<p>5. Demonstrate an understanding of the management and measurement of service delivery</p>	<p>(A) Assess each of the following:</p> <ul style="list-style-type: none"> <li>• Selecting, monitoring and changing service providers</li> <li>• Managing client relationships</li> <li>• Service level agreements</li> <li>• Type, role and value of performance measures and standard – external &amp; internal</li> <li>• Governance reporting</li> <li>• Contract remedies</li> <li>• Benchmarking</li> <li>• Member and client surveys</li> <li>• Complaint/dispute resolution</li> </ul>
<p>6. Demonstrate an understanding of the importance of good governance in managing a workplace pension scheme</p>	<p>(A) Comment on the features of scheme governance</p> <p>(B) Discuss the roles of the Employer, Providers, and Employer and Provider Governance Committees</p> <p>(C) Evaluate the importance of:</p> <ul style="list-style-type: none"> <li>• Risk management</li> <li>• Member communication and engagement</li> <li>• Investment strategies for different types of schemes</li> <li>• Manager selection and asset allocation</li> </ul> <p>(D) Evaluate each of the following:</p> <ul style="list-style-type: none"> <li>• Structures/governance committees</li> <li>• Key scheme documents for different types of arrangements</li> <li>• Documentation and record keeping</li> <li>• Relevant Pensions Regulator Codes of Practice and guidance</li> <li>• Data quality</li> </ul>
<p>7. Outline factors taken into consideration when selecting, monitoring and changing investment managers</p>	<p>(A) Comment on each of the following:</p> <ul style="list-style-type: none"> <li>• Identifying investment requirements</li> <li>• Types of asset managers</li> <li>• Segregated v pooled investments</li> <li>• Manager selection processes</li> <li>• Custody and title of assets</li> <li>• Fee structures</li> <li>• Setting investment performance targets</li> <li>• ESG, climate and other responsible investments</li> <li>• Investment management agreements</li> <li>• Investment administration</li> <li>• Transition management</li> <li>• Monitoring investment performance and governance</li> </ul>

<p>8. Demonstrate an understanding of internal controls</p>	<p>(A) Describe internal controls</p> <p>(B) Explain why internal controls are required</p> <p>(C) Describe the assessment of risk</p>
<p>9. Discuss the role of the trustees in managing risk</p>	<p>(A) Comment on the process of governance review/risk management</p> <p>(B) Justify how the preparation and management of a risk register can mitigate risks</p> <p>(C) Analyse the nature of de-risking</p> <p>(D) Discuss how individual trustee and collective board knowledge can mitigate risk</p>