UNIT TITLE: PENSIONS AND RETIREMENT PLANNING

Attainment Level	Outcome	Indicative Content

Demonstrate an understanding of:	The political, economic and social environment factors which provide the context for pensions planning	• Role of Government, policy direction, challenges and proposed reforms
		• Corporate responsibilities, challenges and impact on pension provision
		• Demographic trends, longevity and ageing population
		• Incentives, disincentives and attitudes to saving
		
		• Main scheme types and methods of pension provision:
		  – State pension benefits
		  – DB schemes, funding and benefits
		  – DC schemes, funding and benefits

Demonstrate an understanding of:	How the HMRC tax regime applies to pensions planning	• Funding/contributions to registered pension schemes, tax relief provision
		• Pension scheme investment funds
		
		• Death benefits before and after crystallisation
		• Pension scheme retirement benefits
		
		• Outline of the annual allowance, lifetime allowance, special annual allowance, and associated charges
		
		• Outline of relevant transitional reliefs post-Finance Act 2006
		
		• Outline of the tax treatment of other scheme types:
		  – Employer Funded Retirement Benefit Schemes (EFRBS)
		  – Qualifying Recognised Overseas Pension Schemes (QROPS)

Demonstrate an understanding of:	The relevant aspects of pensions law and regulation to pensions planning	• Pensions Regulator compliance requirements • Pension protection schemes • Trust and contract based pensions • Role and duties of trustees and administrators • Pensions and divorce • Employment law relevant to pensions • Bankruptcy law and pension assets
Demonstrate an understanding of:	The structure, relevance and application of the State Schemes to an individual's pension planning	• Basic state retirement benefits • Additional state retirement benefits, historic and current • Contracting in/out considerations • Pension credit framework
Demonstrate an understanding of:	The structure, characteristics and application of Defined Benefit schemes to an individual's pension planning	• Main attributes and benefits of DB pension provision • Main types, variations and hybrids • Rules and operation of DB schemes • Funding methods and issues • Roles of trustees and other parties, and scheme reporting • Factors to consider and benefits on leaving, early and normal retirement • Benefits on ill health and death • Eligibility criteria and top-up options • Transfer issues and considerations • Public sector schemes

Demonstrate an ability to analyse:	The range of Defined Contribution scheme options as they apply to an individual's pension planning	- Main attributes and benefits of DC pension provision - Legal bases for schemes and main impacts - Main types of DC schemes and their rules and operation - Contributions – methods and issues - Contracting out, rebates and the contracting out decision - Benefits on leaving and death before crystallisation - Scheme options, limitations and restrictions - Crystallisation options and impact of decisions - Transfer issues and considerations - Stakeholder pensions - Personal Accounts
Demonstrate an ability to analyse:	The options and factors to consider for drawing pension benefits	- State retirement benefits - DB Schemes: – Scheme benefits, payment guarantees, survivor benefits - DC schemes: – Secured pensions, types of annuities and main features – Unsecured pensions – Compliance requirements - Phased retirement – options, benefits and risks - Timing of decisions and implementation - Triviality rules

Demonstrate an ability to evaluate:	The aims and objectives of retirement planning including the relevant investment issues	*These standards build on the content outlined in the Investment Principles and Risk core unit and assume achievement of the learning outcomes*
		
		 • Assessing and quantifying retirement aims and objectives:
		    – Availability and prioritisation of savings
		    – Assumptions and impacts
		    – Conflict with other objectives
		    – Timescales and risk
		
		 • Investments available to meet this objective:
		    – Suitability and risk
		    – Rates of return needed
		    – Accumulation and decumulation strategies, life-styling
		    – Products and wrappers, advantages and constraints, critical yield
		    – Other sources of non-pension income
		
		 • Asset allocation factors, relationship to overall portfolio
		
		 • Self investment
		    – Main characteristics
		
		 • Alternative solutions for pension income:
		    – Alternative sources of capital including non-pension investment assets, home equity, proceeds from sale of a business, inheritance
		    – Advantages and drawbacks
		
		 • Factors affecting regular reviews