

Subject P4 Pensions UK Practice Module

Syllabus

for the 2009 Examinations

1 June 2008

**The Faculty of Actuaries and
Institute of Actuaries**

Subject P4 — Pensions UK Practice Module Syllabus

Aim

The aim of this module is to provide a knowledge of UK business practice, regulation, legislation and professional guidance notes relevant to the work of an actuary practising in Pensions and other Benefits in the UK.

The Core Reading for the Pensions Specialist part of this module is contained within the Core Reading for Subject SA4 — Pensions and other Benefits Specialist Applications. There is separate Core Reading for the generic part of this module.

Part A: Generic

This part is generic module P0 and may be taken on its own with a 45 minute test.

1. Know and understand the purpose and structure of UK financial services industry and regulations.
2. Know and understand the FSA's regulatory powers and their impact upon firms and individuals, including how the FSA's rules affect the control structures of firms and their relationship with the FSA and its approach to ethical conduct by firms and individuals.
3. Identify key organisations, institutions and people in the industry and the roles they play in the provision of financial services products.
4. Know and understand the role of the main consumer protection bodies in UK financial services.
5. Explain what is meant by advice, including monitoring and review arrangements, and state the rules that apply to the different types of advice.
6. Know and apply the basic principles of business ethics and integrity.
7. Know and understand the requirements of the major codes of practice relevant to retail financial services.
8. Know and understand the nature of business fees and commission.
9. Know and understand the rules, regulations and procedures relating to the handling of client money.
10. Apply the main requirements of the Data Protection Act 1998, anti money laundering regulations, Conduct of Business Rules, Proceeds of Crime Act 2002 and the laws of agency and contract in dealing with customers.

11. Know and understand the FSA's complaints handling requirements.
12. Know and understand the main features of the FSA's policy regarding financial promotions.
13. Understand the concepts and principles underpinning insurance contracts.
14. Know and understand the FSA's requirements relating to market abuse.
15. Know and apply the principles of asset ownership to retail financial services.
16. Know and understand the importance of financial planning and describe the factors that affect financial needs throughout life.
17. Understand and apply the principles and concepts of risk associated with financial planning.
18. Be aware of the purpose of the professional guidance for actuaries contained in the Professional Conduct Standards and the Guidance Notes.

Part B: Pensions Specialist

1. Define the principal terms in use in pensions in the United Kingdom.
2. Identify the key stakeholders in the provision of pensions in the UK and the main features of the UK pensions market, including the historical development, current structure and purpose of the pensions industry in the UK.
3. Describe the main types of pension benefit provided in the UK.
 - (a) State the main types of pensions benefits provided by the state, employers and individuals.
 - (b) Know the principal forms of state pension related benefits and the conditions applying to them and how the main types of state benefit have an impact on pensions planning.
 - (c) Know and understand the different types of pre-retirement and post-retirement arrangements.
 - (d) Know and understand the main features of death benefits under retirement contracts.
 - (e) Know and understand the main factors relating to benefits payable on ill health and early retirement.
 - (f) Know the main types of unapproved arrangements for providing pension benefits.

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4. Understand the socio-economic and other factors that impact on the UK pensions industry and its products.
5. Describe the principal tax, legislative and supervisory controls that affect the provision of pensions in the UK.
 - (a) Apply the main requirements of the Pensions Act 2004 and associated legislation relevant to the provision of pension schemes.
 - (b) Know and understand the main aspects of retirement planning taxation.
 - (c) Know and understand the requirements of the accounting standards that apply to pension provision in the UK.
 - (d) Know and understand the main approaches to pension sharing on divorce.
6. Be aware of the content of the professional guidance for actuaries contained in Guidance Notes: 3, 4, 9, 11, 13, 16, 19, 24, 26, 27, 28, 29, 34, 36, 48, 49 and 51 and describe the subject matter of Guidance Notes: 9, 11, 16, 19, 26, 28, 29 and 36.
7. Be aware of any proposed changes in legislation or professional guidance that will require action by UK pension providers, and their expected effective date of implementation.
8. Be aware of the main areas of risk and uncertainty in relation to UK pension provision.
 - (a) Know and understand the different types of risk and attitudes to them.
 - (b) Understand and apply the principles and concepts of risk associated with financial planning for retirement and the provision of income in retirement.
 - (c) Analyse the economic risks associated with the main types of investment when retirement planning.
9. Understand the purpose of retirement planning and identify the principal characteristics of investment methods used to provide an income in retirement.
10. Understand the asset liability matching requirements of a UK pension scheme and be aware of appropriate strategies.

End of Syllabus