1.1 Module 5: Sustainable Retirement Financing

1.1.1 Headline information about the module

Module title	Sustainable Retirement Financing
Module NFQ level (only if an NFQ level can be demonstrated)	8
Module number/reference	4/3
Parent programme(s) the plural arises if there are embedded programmes to be validated.	Higher Diploma in Business in Pensions Management Certificate in Business in Pensions, Insurance and Investment
Stage of parent programme	1
Semester (semester1/semester2 if applicable)	2
Module credit units (FET/HET/ECTS)	ECTS
Module credit number of units	5
List the teaching and learning modes	PT
Duration of the module	8 weeks
Average (over the duration of the module) of the contact hours per week (see * below)	3

Analysis of required learning effort		
***Effort while in contact with staff**	**Minimum ratio teacher / learner**	**Hours**
Classroom and demonstrations	1:60	18
Monitoring and small-group teaching	1:30	18
Other (specify)	-	-
Independent Learning		
Directed e-learning (hours)		-
Independent Learning (hours)		40
Other hours (group project)		49
Work-based learning hours of learning effort		-
Total Effort (hours)		125

Allocation of marks (within the module)					
	Continuous assessment	**Supervised project**	**Proctored practical examination**	**Proctored written examination**	**Total**
Percentage contribution	20	-	20	60	100%

1.1.2 Module aims and objectives

The module provides the learners with an in-depth knowledge of financing of retirement. It develops the skills to carry out the appropriate funding calculations and ability to recognise the impact of the underlying assumptions on Sustainable Retirement Financing. Learners understand funding methods used in funding defined benefit schemes and the corresponding implications. The module builds on knowledge gained in previous modules by analysing key factors for consideration in the determination of an investment strategy and on the implementation of appropriate selection and control processes.

1.1.3 Minimum intended module learning outcomes

On successful completion of this module, learners are able to:

(i) apply the mathematical principles underpinning pension funding calculations to a range of structured situations
(ii) demonstrate a developed awareness of the funding standards pertaining to pension schemes and the corresponding implications for benefits
(iii) critically analyse the key factors for consideration in the determination of an investment strategy appropriate to the bespoke needs of retirement arrangements
(iv) describe the processes employed by Trustees in selecting an investment manager, setting and measuring investment objectives, implementing controls, and benchmarking the performance of the investment manager.

1.1.4 Rationale for inclusion of the module in the programme and its contribution to the overall MIPLOs

Pensions practitioners need to be cognisant of the importance of matching the level of contributions with the expected or desired benefit outcomes. A clear understanding of the underlying mathematics and a familiarity with statutory requirements are essential to advising clients on appropriate funding levels and engaging with actuaries and fund managers.

This module supports the achievement of the following MIPLOs: (i), (ii), (iii), (iv), (v), (vii), (viii), (ix) and (x).

1.1.5 Information provided to learners about the module

This module consists of lectures and workshops where learners are provided with practical questions so that they can develop the analytical tools necessary to determine the financial implications of the activities conducted by business and enhance their ability to make sound decisions in an entrepreneurial context.

Learners are supported with resources to offer structure and guidance which include a set of lecture notes and reading materials as well as a detailed module curriculum that includes the module learning outcomes, a class schedule, the necessary reading material and the assignment strategy. Participants also have access to Moodle, the College's Virtual Learning Environment (VLE).

1.1.6 Module content, organisation and structure

6.5.6.1 Introduction

- Course outline
- What is funding
- Four pillars
- PAYG
- Life cycle of pension fund
- Contributions
- Pace of funding

6.5.6.2 Funding Essentials

- Forecasts (not!)
- Assumptions
- Compound interest
- Timing

- Cash flow
- Funding rates

6.5.6.3 Defined Contribution Funding
- Issues
- Valuing pensions
- Annuities
- Projections
- ARFs
- Affordability
- Retirement objectives

6.5.6.4 Funding Limits
- Maximum benefits
- Ordinary contributions
- Special contributions
- Tax treatment
- Backdating
- SFT/PFT

6.5.6.5 Defined Benefit Funding
- DB variables
- Social welfare
- Principles
- Regulatory environment
- Technical Provisions
- Risk Assessment
- Mortality
- Liabilities
- Funding standard
- Funding standard reserve
- Leaving service
- Deficits
- Surpluses

6.5.6.6 DB Valuations
- Objectives
- Components
- Assumptions – financial & demographic
- Age entry Normal
- Projected unit credit method
- Attained age method
- Funding rates
- Death benefits
- Actuarial valuations
- Actuarial reports
- AVCs
- Funding proposals
- Employer covenant
- Contingent assets

6.5.6.7 Winding up

- Benefit reductions
- Insolvency
- Priority
- Transfer values
- Double insolvency

6.5.6.8 DC Investment

- Guidelines
- SIPP
- Risk & reward
- Volatility
- Diversification
- Regulations
- Fund options
- Environmental Social and Governance considerations (ESG)
- Active v passive
- Timing
- Retirement objectives
- Lifestyling
- Individual choice
- Default
- Communication
- Self-Administered

6.5.6.9 DB Investment

- Liabilities
- Objectives
- Variables
- Risks
- Strategies
- Parties
- ESG

6.5.6.10 Fund Management

- Role of trustees
- Role of managers
- Role of Custodian, Depositary
- Selection
- Criteria
- Multiple managers
- Mandates
- Relationship management
- Monitoring
- Hiring & firing
- Switching

6.5.6.11 Company accounts

- Recognising pension costs

- IAS, FAS
- Profit and loss
- Balance sheet
- Assumptions
- Effect on funding

6.5.6.12 Interpreting actuarial and funding advice
- Dealing with Actuaries
- Explaining to Trustee Boards
- Mediation with Pensions Authority
- Explaining projections to members
- AVCs and target benefits
- IORPs II requirements

1.1.7 Module teaching and learning strategy
Programme content is delivered by means of lectures and workshops with prior preparation. Learners are required to read and prepare for classes beforehand with the emphasis on interactive discussions, participative group work and learning by doing in class. Practice problems and case study analysis plays a large part in ensuring that learners learn and understand how accounting is employed in decision-making and the role of management accounting within the wider organisational context.

Classes include calculation exercises designed to develop adeptness with performing calculations. There is at least one lecture by an experienced actuary who also leads a discussion on the role of the actuary and the future of Defined Benefit schemes. Learners also engage with a trustee, either actual guest or role play, to explore issues surrounding solvency, adequacy, etc. and prepare a paper on appropriate recommendations.

1.1.8 Work-based learning and practice-placement
There is no practice-placement element within this module.

1.1.9 Module summative assessment strategy
Learners practise and demonstrate teamwork and interpretative and communication skills in the continuous assessment of the module, which is conducted in two parts:

- The Learner prepares and presents a report and recommendation for a client, based on current issues in retirement planning
- The Learner evaluates and critiques a retirement policy.

The final assessment is in the form of a proctored examination, with questions which contain both theoretical and practical elements with all of the learning outcomes assessed in the exam. 60% of the marks are allocated to this piece of the work.

No	Description	MIMLOs	Weighting
1	Practical: Trustee/ Employer Board presentation	(ii) (iii) (iv)	20%
2	Group assignment: Evaluation of Sustainable Retirement Financing Plans	(i), (ii), (iii)	20%
3	End of semester examination	(i) (ii) (iii) (iv)	60%