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THE PENSIONS MANAGEMENT INSTITUTE

QUALIFYING EXAMINATION 2017

INTERNATIONAL 2: MANAGING INTERNATIONAL EMPLOYEE BENEFITS

Notes: Three hours are allowed for this paper. Answer all parts of all questions. In a multi-part question when the marks are not equally divided a guide to the available marks for each part is shown. A small number of marks may be awarded for appropriate and relevant communication and formatting.

1. Describe the purpose of Social Security Agreements ("SSA") with respect to globally mobile employees, explaining the three principal SSA designs including an example. (5 marks)
2. State five reasons why a company would use an electronic database to capture information on employee benefits? (5 marks)
3. Describe the financial and non-financial advantages of a captive approach for financing risk benefit. (10 marks)
4. Distinguish between the key features of open and closed funds as they operate in Brazil. Your answer should include information on the regulatory environment they are covered by, the governance structure and the mode of operation. (10 marks)
5. Describe at least four non-mandatory benefits typically provided by employers in India. Your answer should include examples of the typical benefit levels provided and make reference to any recent trends. (10 marks)

6. You are a global benefits consultant working with the new Chief Financial Officer ("CFO") of a multinational with defined benefit plans in many countries. Historically, pension plan funding decisions have been made by local business units. However, the new CFO is keen for funding decisions to be made at a central level.

Draft a report for the CFO setting out why the company should have a global pension funding policy. The report should also cover developments in pension funding and risk transfer options, including some country-specific examples.

(20 marks)

7. You are the newly appointed International Benefits Manager of a medium-sized multinational company. You are the first person to have this role in the company. Previously international benefits management was carried out by the Head of HR as part of his wider roles and responsibilities. However, due to the increased amount of time being spent in this area, you have been appointed in this new role.

The company does not have an International Benefits Policy, and you believe that the company should have formal policies in this area.

Draft a paper to the Head of HR setting out

- (a) Why employee benefits need managing at a head office level
- (b) What factors and local considerations should be considered in the development of an International Benefits Policy including examples.

(20 marks)

8. You are an international pension & benefits consultant that has a long standing UK-based medium-sized client. The client is looking to expand by buying a smaller competitor, which is a subsidiary of a large multinational group. The competitor has operations in the UK, France, Netherlands and Germany.

The seller has told your client that they provide typical pension and benefit programmes in each country. Your main contact at the client is considering recommending that the deal can proceed without undertaking further investigation on the pension and benefit programmes. You have arranged a meeting with the HR and Finance directors to discuss.

Draft a presentation to set out the high level rationale for undertaking due diligence, explaining in detail how the transaction may impact on employee benefits.

(20 marks)

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