



Diploma in International Employee Benefits Test Specification

The Diploma in International Employee Benefits uses the following variety of question types:

| Question Type | Question Type description | Marks per Question |
|---------------|---|--------------------|
| A | self-contained single answer multiple choice questions where candidates are requested to select the correct option from a choice of four. | 1 mark |
| B | single answer multiple choice questions where candidates are presented with two statements and requested to identify whether a) both statements are true, b) only i) is true, c) only ii) is true or d) both statements are false. | 1 mark |
| C | Short length answer questions where candidates write their answers in freeform | 5-10 marks |
| D | Moderate length answer questions where candidates write their answers in freeform | 15-20 marks |

International 1 will be assessed through questions of Types A, B and C. Sample illustrative questions are provided at the end of this Test Specification.

The examination will be of total duration two hours, containing two distinct parts as follows:

Part 1 – multiple choice, 50 marks in total. 50% of overall mark. Recommended one hour

40 Type A questions
10 Type B questions

Part 2 – short answer. 50 marks in total. 50% of overall mark. Recommended one hour

5 to 10 Type C questions

International 2 will be assessed through questions of Types C and D.

The examination will be of total duration 3 hours comprised as follows:

- (1) 2 to 6 **Type C** questions;
20-50 marks in total. 20-50% of overall mark; recommended time allocation 30-90 minutes.
- (2) 3 or 4 **Type D** questions;
50-80 marks in total. 50-80% of overall mark; recommended time allocation 90-150 minutes.
Questions to include format/communications/presentation element (approximately 5-10% of total).

Sample Questions

Type A - self-contained single answer multiple choice questions [select correct option from choice of 4].

1. Compensation is often paid at regular intervals, in cash and can also be subject to national statutory minimum rates, whereas
 - a. employee benefits are often less tax effective than salary.
 - b. bonus payments are always usually paid in stock options.
 - c. employee benefits may only be paid at a certain specified event.
 - d. Pension benefits are usually not paid regularly.

2. In a DC pension plan, the benefits provided
 - a. depend on employer contributions and the employee's final salary.
 - b. are determined solely by total contributions by employee and employer
 - c. will never be subject to tax.
 - d. depend on total contribution and investment return less any charges.

Type B - single answer multiple choice questions [multiple true false].

Multiple true false format. They comprise two statements (numbered (i) and (ii) and four possible options (lettered 'a' both true; 'b' Only (i) true; 'c' Only (ii) true; and 'd' both false), only ONE of these options is correct.

1. (i) The book reserve approach to funding is common in Germany.
(ii) The pay as you go approach to funding is common in the UK amongst trust based DB plans.
 - a. Both true
 - b. Only (i) true
 - c. Only (ii) true
 - d. Both false

Type C – short answer questions

1. Explain what is meant by post-retirement medical benefits. (5 marks)

2. Write notes on the three key bodies involved in the legislative process of the European Union. (10 marks)

3. Write notes summarising the general legal, regulatory and taxation issues that apply in relation to risk benefits. (10 marks)

Type D – “Moderate length answer” questions

1. During your recent client meeting, the Finance Director requests that you prepare a briefing paper that explains how to value employee benefits and when to use the different valuation approaches. (20 marks)

2. Your company is considering incorporating their pension schemes into a flexible benefits package. As Head of Pensions write a briefing paper for the Trustees of the pension schemes setting out the reasons why the Company is considering this.

Your report should cover the company's Defined Benefit Scheme which is closed to new entrants but open to future accrual, and the Defined Contribution Scheme which is open to new entrants - and how the approach may vary between the schemes. You should also include the options the company has in relation to auto enrolment and how flexible benefit packages can be used. (20 marks)

3. You are an international benefits consultant and have been asked by your client to report on current topics and future long term trends in international employee benefits. Draft your report. (20 marks)