



**Pensions
Management
Institute**

Moving pensions forward

Registered Office:

6th Floor

9 Appold Street

London

EC2A 2AP

T: +44 (0) 20

7247 1452

W: www.pensions-pmi.org.uk

THE PENSIONS MANAGEMENT INSTITUTE

QUALIFYING EXAMINATION 2018

REWARD AND RETIREMENT PROVISION

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. There are occasions when an individual is unable to continue their normal employment due to a long term illness or disability. While various State benefits can provide some supporting income, many companies seek to reassure affected employees that their income needs will be protected. This is normally achieved by the company establishing an insured Income Protection (IP) scheme.

In your role as the company's benefit consultant you have been requested by the HR Director to prepare a report setting out the following in relation to an insured IP scheme:

- The factors and options to be taken into account when considering the waiting period; (9 Marks)
- When cover would normally end; (5 Marks)
- The design features of a typical arrangement. (21 Marks)

There is no requirement for your report to make any reference to the level of benefits expressed as a percentage of gross/net pay, or typical exclusions under an insured IP scheme.

2. As Benefits Manager, draft a memo to the Rewards Director outlining the changes to salary sacrifice arrangements that came into effect in April 2017.

(15 marks)

3. ABC Ltd has established an overseas office and it has been agreed that a number of UK staff should be seconded to the overseas office for a period of 2 years. Whilst based in the UK, staff enjoy Private Medical Insurance cover. ABC Ltd wishes to provide continuation of such cover during the period of secondment.

Draft an email from the HR Manager to the International Secondments Manager setting out the main design features of international Private Medical Insurance.

(15 marks)

4. The Pensions Manager of XYZ Ltd is reviewing the ill health retirement options within the Company's defined benefit pension scheme. In your role as Pension Consultant to XYZ Ltd, draft a short briefing paper outlining the criteria a member will typically be required to meet and the basis on which benefits may be payable in the circumstances of ill health retirement.

(15 marks)

5. Give a brief overview of equal pay legislation. (10 marks)

6. While share plans are a popular way of rewarding employees, some companies are reluctant to establish such arrangements.

Write a summary of the basic facts a company would need to consider before operating a share plan.

Your summary does not need to give details of the different types of share plans available to companies.

(10 marks)

APRIL 2018