

Examiner's Report - International 1: Core Unit 1B – Foundation in International Employee Benefits – April 2025

Summary

The examiners were pleased to note that the overall quality of scripts has improved compared to previous sessions. Many candidates demonstrated good knowledge, particularly on well-prepared topics such as employee share plans (Chapter 6.1) and 401(k) plans (Chapter 5.2), where structured and detailed responses were common.

Stronger candidates showed clear familiarity with the study manual, providing accurate, relevant detail—especially where questions required knowledge of stakeholder roles (e.g. trustees, finance function) or regional systems such as Turkey's pension structure. These candidates also tailored their answers well to the marks available and followed the structure of multi-part questions.

Some candidates, however, gave only short or generalised answers. For example, in questions covering the EU legislative process (Chapter 1.2) or the objectives of an International Benefits Manager (Chapter 3.2.2), higher marks were only achieved by those who recalled and applied specific content.

Overall, those who prepared thoroughly were rewarded. A strong performance remains achievable through focused study, attention to detail, and effective exam technique.

Question 1

Outline the key duties and roles of the trustees of a pension plan

(5 marks)

- Most Candidates demonstrated a general awareness of trustee responsibilities, but weaker responses lacked specifics.
- Stronger answers clearly referenced duties such as ensuring the plan complies with local laws, protecting member benefits, and appointing appropriate service providers.
- High-scoring Candidates also referred to the trustee's role in monitoring investment performance and acting in the best interests of beneficiaries.

Study Manual: Part 7 (Overview of International Employee Benefits), Chapter 8.2 Page 143

Question 2

As the International Benefits Manager (IBM) for your company, you have been asked by the Finance Director to:

- a) State the overriding objectives at the corporate level for an IBM**
- b) Describe how these objectives translate into advantages for local operations or offices.**

(10 marks)

- Candidates generally recognised the strategic role of the IBM but varied in their level of detail.
- Better responses identified objectives such as aligning benefits with corporate values, supporting mobility, ensuring legal compliance, and achieving cost efficiency.
- Top marks were awarded to Candidates who explained how these aims translate to local-level advantages like employee engagement, improved governance, and risk management.

**Study Manual: Part 7 (Overview of International Employee Benefits), Chapter 3.2.2,
Page 128**

Question 3

Explain the 'indirect reasons' employers might have for providing employee benefits and how they support organisational objectives.

(15 marks)

- This question was well-answered, with most Candidates correctly identifying non-financial motivations.
- High-scoring responses mentioned improved morale, organisational culture, attraction and retention of talent, and employer branding.
- The best answers linked each reason to broader business goals such as productivity and long-term sustainability.

**Study Manual: Part 1 (Overview of International Employee Benefits), Chapter 1.2.2,
Page 24**

Question 4

- a) Describe the role and functions of the following key bodies involved in the EU Legislative Process:**
- i. The European Commission (EC)**
 - ii. The European Parliament (EP)**
 - iii. The European Council (or Council of Ministers)**

(14 marks)

- b) Write short notes on the three other key bodies associated with the EU Legislative Process.**

(6 marks)

- Most Candidates showed basic understanding of the main EU bodies but missed detail required for higher marks.
- Top answers differentiated between legislative powers (e.g. the Commission's power to propose legislation, the Parliament's role in amendment and approval, and the Council's final adoption).
- Strong responses also mentioned the European Court of Justice, European Central Bank, and the European Economic and Social Committee in the second part.

Study Manual: Part 12 (The European Union), Chapter 1.2 (Page 237-238)

Question 5

List the main reasons a company might have for introducing an employee Share Plan.

(5 marks)

- Most Candidates performed well, listing motivations such as aligning employee and shareholder interests, improving retention, and enhancing performance.
- Higher-scoring answers added detail such as tax efficiency, long-term incentive planning, and creating a sense of ownership.
- A few responses included examples like Save As You Earn or Share Incentive Plans, which showed a deeper understanding.

Study Manual: Part 4 (An overview of Key Employee Benefits), Chapter 6.1, Page 79

Question 6

Write down the objectives of the Finance function.

(10 marks)

- Candidates generally demonstrated awareness of core objectives, but some gave incomplete lists.
- High marks were awarded to those who mentioned financial planning, risk management, cost control, accurate reporting, and supporting strategic decisions.
- Stronger responses also recognised the Finance function's role in governance and enabling sustainable business operations.

Study Manual: Part 7 (The role of different parties involved in the provision of International Employee Benefits), Chapter 5.2, Page 134

Question 7

Describe the key features of 401(k) plans in the United States.

(15 marks)

- This question was answered confidently by most Candidates, who demonstrated sound knowledge of 401(k) structures.
- Strong answers covered voluntary employee contributions, employer matching, tax-deferred growth, and early withdrawal penalties.
- Top scorers noted contribution limits and the option of Roth 401(k)s, showing in-depth preparation.

Study Manual: Part 4 (An overview of Key Employee Benefits), Chapter 5.2, Page 76)

Question 8

As International Benefits Manager, you have been asked to draft a report on the pension and benefits system in Turkey for your multinational organisation's planned expansion into the region of Europe and North America. Your report should cover:

- a) **The Social Security System and current and future retirement ages for men and women (5 marks)**
- b) **State Benefits (5 marks)**
- c) **Compulsory Termination Indemnities (3 marks)**
- d) **Private Pension Provision (7 marks)**

(20 marks)

- Candidate performance varied, with many addressing one or two parts well but neglecting others.
- The best responses gave a structured overview of the SGK-administered Social Security system, noting current and future retirement ages (60/65), plus state benefits like health insurance and maternity pay.
- High scorers explained compulsory severance payments and outlined Turkey's individual private pension system, including state matching contributions and tax treatment.

Study Manual: Part 11 (Regional Round-up: Europe and North America), Chapter 1.2.3, Page 223)