



**Pensions
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Institute**

Moving pensions forward

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THE PENSIONS MANAGEMENT INSTITUTE

QUALIFYING EXAMINATION 2016

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. In your role as a benefit consultant to XYZ Limited, a company with 200 employees, prepare a report for the HR Director explaining the five phases on which the successful implementation of a flex plan is built. (35 marks)
2. As Pensions Manager for XYZ Ltd, you have been asked to prepare, for issue to employees, a summary regarding the replacement of the current State pension arrangements with the introduction of the new single-tier pension.

In your summary, you should include:

- Who will be affected by the changes;
- What the qualification requirements are for:
 - (a) The current state pension benefits and
 - (b) The new single-tier pension;
- How the new single-tier amount payable will be set;
- A list of the current State pension arrangements that the single-tier pension will replace;
- The basis of future increases to the single-tier pension.

You do not need to include any details relating to the current State pension arrangements or how these were previously calculated. In addition, there is no link between the company's own pension scheme and State pension arrangements.

(15 marks)

3. You are HR Manager for ABC Ltd and need to prepare for a short meeting with your Managing Director regarding Statutory Maternity Pay (SMP), Statutory Paternity Pay (SPP) and Statutory Adoption Pay (SAP).

To assist you in your meeting, list the main points relating to:

- | | | |
|-------|--|-----------|
| (i) | The background to SMP and basis payable | (3 marks) |
| (ii) | The payment periods for SMP, SPP and SAP | (4 marks) |
| (iii) | Employer recovery | (3 marks) |

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4. The HR Director is currently reviewing the compensation package available to employees. As Benefits Manager, you have been asked to draft an email to the HR Director covering the:

- Purpose and conditions for payment; (4 marks)
- main design features and (10 marks)
- taxation of benefits and contributions (4 marks)

of a typical Critical Illness arrangement.

2 marks are available in respect of appropriate formatting of your answer.

5. As Benefits Consultant to XYZ Ltd, you have been asked by the Finance Director why he should consider offering an unapproved share scheme rather than an approved share scheme to Executive staff.

Draft a briefing paper to the Finance Director outlining:

- The reasons in favour of unapproved share schemes compared to approved share schemes (4 marks)
- The different types and features of unapproved share schemes that are available (14 marks)

You are not required to address the tax treatment of these schemes in the paper.

2 marks are available in respect of appropriate formatting of your answer.

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