



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
E	Report style questions	40-60 marks

International 1

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

From April 2020 (including the October 2020 sitting), **International 2** will be assessed through questions of Types C and E (Question D questions were used in exams up to and including April 2019).

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

(1) 4 to 6 **Type C** questions:

40-60 marks in total. 40-60% of overall mark; recommended time allocation 60-90 minutes.

(2) One **Type E** question.

40-60 marks in total. 40-60% of overall mark; recommended time allocation 90-120 minutes.

There will be a choice of two Type E questions. **Candidates should answer one question only.** Marks will only be given for one question. No extra marks given for answering both questions. If answers are provided to both questions, marks will be given to the question started first (unless the answer to that question is crossed out, in which case marks will be given to the question started last). The questions will be designed to allow learners to demonstrate their range of understanding, knowledge and report writing skills. Questions may require learners to demonstrate the employee benefits needs of global companies and products offered by global insurers and other vendors. Learners should provide examples from a range of countries (at least six) and take account of emerging trends. If the question asks for a recommendation, then candidates should provide a recommendation and the reasons behind the recommendation.

Examiners will grade each response on a 5 point scale (see table below). The final grade will be multiplied by 12 to form the actual mark for each question. For example, if the question is awarded a grade of 3, the final mark will be 36 (ie 3 x 12). Half points may also be given, so if the final grade is, for example, 4.5, the final mark will be 54 (ie 4.5 x 12)

Grade	Description
0	Trivial, irrelevant or absent response. A fail.
1	Answer that has some relevance to the question, but which does not address the question in the way demanded. The report lacks logic, has little focus or has serious errors that render it confusing or incoherent. A report at this level is significantly below the level required to be a diploma holder; and is quite likely to be an overall fail.
2	Report fulfils most of the requirements of the question, but may misinterpret important aspects of the question. The report is set out in a relatively logical manner, but the learner has misinterpreted some aspects of the question, or has missed out key aspects of the question. Insufficient detail provided and few examples given. When asked to provide alternative views (eg pros and cons; or to suggest reasons for and against) or recommendations, these views and recommendations are missing or weak. A report at this level is deemed to be just below, or close to, the minimum level required to become a diploma holder. Learners at this level could potentially be awarded the diploma if they score very well on other parts of the paper.
3	The report addresses <u>all</u> aspects of the question and presents good arguments to support recommendations and alternative views. The arguments in the report, but lack sophistication and scope; and could be supported by better examples (with few or no examples from outside of the course material). The learner may have missed out key parts of the arguments. A report at this level is deemed to be at the minimum level required to become a diploma holder.
4	A good report addressing <u>all</u> aspects of the question with clear and balanced arguments, counterarguments, and recommendations. Few weaknesses. Reasonable depth and breadth of knowledge shown (eg relevant country examples) with few weaknesses. A report at this level is deemed to be more than the minimum level required to become a diploma holder.
5	An excellent report with virtually no weaknesses. <u>All</u> aspects of the question are addressed. The writing is clear and completing with effective structure and logic. The arguments are sophisticated and presented with a good breadth and depth of knowledge (including from outside of course material). A potential prize-winning script. Fewer than 15% of scripts are expected to be scored a 5.

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 (not used from April 2020 onwards)

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. Draft a briefing paper. (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)

Type E – “Moderate length answer” questions

1. You work for the international employee team at a European insurer that provides life, pension & saving products to employers in Europe and Asia. The Head of Group Strategy has asked for a report setting out the local and global employee benefit insurance products that are typically purchased by employers in these regions. The Head of Group Strategy also wants to have examples of countries where there is limited demand for employee benefit insurances, and the reasons for the lack of demand. The Head of Group Strategy also wants you to recommend three markets around the whole world (including in countries outside of Europe and Asia) that have growth potential and where the demand for employee benefit insurance products could expect to grow significantly in the next 10 years. Draft a report including reasons to support your recommendations. **(60 marks)**
2. You are a newly appointed global benefits manager of a rapidly growing global technology company, with 15,000 employees in 30 countries around the world. Your company employs a large proportion of workers between the ages of 20-35. You have been asked to provide a report for the Board of Directors on the employee benefits strategy for the company including: what benefits should be provided; how benefit provision may vary by country; how benefits can be should be provided and managed; how the company can make best use of technology to deliver benefits; and how the company can use benefits to attract and retain the right talent. Draft a report including reasons to support your recommendations. **(60 marks)**