

DIPLOMA IN INSURANCE

Unit Name: Retirement Benefits Practise, Law and Taxation

Unit Code: DIP 305

SAMPLE QUESTION

Mwangi has been hired as pension consultant in a company which has no retirement benefits arrangement for its employees. The management of the company are considering establishing a retirement benefits scheme although the employees through their union prefer higher salary instead of pension scheme. Mwangi is concerned about this and decides to organise an engagement forum to enlighten the employees and management about the need to establish a retirement benefits scheme. After deliberations in the forum employees agree to establish a Defined Contribution scheme as opposed to management desires of a Hybrid Scheme. Mwangi also uses the forum to educate the employees on the roles performed by various service providers but one of the employee Mr Oloo is still concerned why the scheme will need scheme Lawyer. During the Question and Answer Session Ms. Kimemia asks a how the government through Retirement Benefit Authority safeguards pensioners.

- i. Explain five possible reasons Mwangi could have used to convince employees against their stand on high salaries option (10 mks)
- ii. Explain five factors that could have led members to select their scheme design (10 mks)
- iii. Explain five reason Mwangi can provide to Mr. Oloo to address his concern. (10 mks)
- iv. Explain how Mwangi could address Ms. Kimemia question. (5mks)