

International 1: Core Unit 1B – Foundation in International Employee Benefits

Summary

Question 1

List the main areas that pension fund regulation applies to

(5 marks)

- This question was generally well answered by all candidates
- Candidates who achieved high marks answered the question in the correct format, as they listed their answers in bullet point format.
- General knowledge was good as most candidates were able to write some of the details from each area of pension fund regulation either from the study manual or their general experience.

Relevant section of the study manual - Part 2, Chapter 1.5 (Page 11)

Question 2

You are the International Benefits Manager for a global company and have been asked to draft a paper summarising the funding vehicles and typical investment profile of the Pillar II arrangement in Japan

(10 marks)

- Few candidates achieved good marks on.
- This question tested candidates detailed knowledge of the funding vehicles and investment profile of the Pillar II arrangement in Japan
- Most candidates were able to identify book reserves as a method of financing DB Plans and recall the details of DC financing.
- However, the part of the question relating to typical investment profile was poorly answered, with only one candidate able to set out the investment profile

The relevant section of the study manual section - Part 4, Chapter 8.2.2 (Page 145)

Question 3

Briefly set out the taxation regime surrounding contributions to registered pension plans (including the accrual of benefits within DB plans) for Pillars II and III arrangements in the UK

(10 marks)

- Whilst most candidates were able to describe the basic principles underlying the taxation regime, higher marks were achieved by those candidates who provided full details from the relevant section of the manual
- Most candidates were able to mention both the Annual Allowance (AA) and Lifetime Allowance (LTA), but were unable to provide details on how the AA and LTA works and their current limits.

The relevant section of the study manual - Part 4, Chapter 3.2.3 (Page 107)

Question 4

Write short notes on ISO Plans (Incentive Stock Options) and Section 423 Plans (Employee Share Purchase Plan or ESPP) in the United States

(10 marks)

- This question was poorly answered by the majority of candidates, with a number of candidates not attempting the question
- Candidates who scored high marks understood the question and provided the correct information/details about share plans in the United States, which included the relevant vesting period and annual limits
- Candidates who scored poorly only provided generic information about share options and plans from the incorrect section of the Study Manual.

The relevant section of the study manual - Part 2, Chapter 6.2 (Page 35)

Question 5

Write a brief note outlining the framework for the Economic and Monetary Union (EMU) and automatic qualification for participation in the EMU

(10 marks)

- This question was generally answered well by most candidates
- Candidates were able to identify the countries that had remained outside the EMU, and the criteria that had to be met for automatic qualification for participation in the EMU
- Unfortunately, few candidates took advantage of the bonus mark available for answering the question in the correct format

The relevant section of the study manual - Part 5, Chapter 1.3 (Page 152)

Question 6

List the factors to consider in designing an international benefits strategy

(5 marks)

- This question was generally well answered by most candidates
- As with question 1, candidates who achieved high marks answered the question in the correct format, as they listed their answers in bullet point format.
- Whilst candidates were able to identify one or two generic themes relating to benefits strategy design, the inability to recall the specific key factors highlighted in the relevant section of the study manual made it difficult to award higher marks

The relevant section of the study manual - Part 3, Chapter 3.2.4 (Page 49)

Generally, candidates are reminded to:

- Read the questions carefully to understand what is being asked, and therefore understand which part of the study manual is being examined
- Take advantage of any bonus marks available for format
- Take note of instructive words given in the question – for example “list” indicates that a list of key items is required, rather than a block of descriptive text
- Note that of the number of marks available can be used to indicate the level of detail required in an answer