



## Foundation in International Employee Benefits

### Mock Exam Notes

*Recommended Time: 1 Hour*

**1. Briefly explain the concept of integration of pension plan benefits with State provision.**

**5 marks**

Answer should cover:

To ensure employer is not “over-providing” in relation to a lifestyle protection target when Social Security benefits are taken into account.

Various methods of integration include:

- A target total benefit promise at retirement inclusive of assumed Social security benefits
- Pensionable Salary is reduced from actual salary to take into account the part of income that will be “covered” by Social Security
- An approximate reduction in benefits amount payable to implicitly take into account benefits from Social Security A simple example could help to illustrate this concept.

**2. Outline the main types of financing policy for defined benefit pension plans.**

**5 marks**

Answer should include mention of funded and unfunded approaches.

**3. Write brief notes describing the main types of risk benefits.**

**5 marks**

Answer should include discussion of death benefits, disability benefits and medical benefits.

**4. Write brief notes Identifying and commenting on the use of post-retirement medical benefits.**

**5 marks**

Given the prevalence of these benefits in the USA an answer is likely to include comment on the use of these in the USA.

**5. Write brief notes outlining the main types of share plans.**

**5 marks**

The main types are Share Awards, Share Purchase Plans, Share Options. A full answer would include mention of the variations and country examples.

**6. Outline the key objectives of a local pension plan actuary.**

**5 marks**

Answer should cover:

- Ensuring financial sustainability
- Meeting local regulatory requirements
- Providing other advice and analysis

**7. List the different types of medical benefits in the USA.**

**10 marks**

Answer should cover:

Social Security medical benefits:

- Medicare for those aged 65 and over
- Medicaid for the poor

Majority of the population reliant on private healthcare provision covering:

- Outpatient services
- Hospitalisation
- Dental
- Vision
- Laboratory fees and X-rays
- Prescription drugs
- Preventative and acute care services

**8. For medical benefits in the USA outline the financing issues associated with them.**

**10 marks**

Answer should cover the various methods of financing the benefits. The relevant issues would include cost and cost control.

- Flexible benefit or cafeteria programs
- Shared Costs
- Contributions for dependents
- Maximum Benefits
- Variable depending on size and risk tolerance of employer