

**CHUKA**



**UNIVERSITY**

**UNIVERSITY EXAMINATIONS**

**THIRD YEAR EXAMINATION FOR THE AWARD OF DEGREE OF  
BACHELOR OF COMMERCE**

**BCOM 343: PENSIONS**

**STREAMS: BCOM Y3S2**

**TIME: 2 HOURS**

**DAY/DATE: TUESDAY 23/4/2013**

**2.30 P.M. – 4.30 P.M**

---

**INSTRUCTIONS:**

**Answer Question ONE and any other TWO Questions.**

**Question One**

- (a) Explain the following retirement ages in a typical qualified retirement plan
  - (i) Early retirement age [2 marks]
  - (ii) Normal retirement age [2 marks]
  - (iii) Deferred retirement age [2 marks]
- (b) Explain the basic characteristics of a traditional defined-benefit scheme. [6 marks]
- (c) Discuss the benefits that accrue to members who join any retirement fund arrangement. [10 marks]
- (d) Explain the various ways of funding pension schemes in Kenya. [8 marks]

**Question Two**

- (a) Discuss the main features of a public sector scheme. [4 marks]
- (b) Explain the differences between group and individual personal pensions, and the circumstances in which each might be used. [6 marks]

- (c) Discuss, giving practical examples, why many employers in Kenya, both public and private, have recognized the need and responsibility towards their employees beyond the payment of salaries or wages in return for services availed. [10 marks]

### **Question Three**

- (a) Discuss the duties of a Pension Scheme Administrator. [6 marks]
- (b) Explain the various relevant pension information available concerning pension schemes administration in Kenya. [8 marks]
- (c) Outline the functions of a Board of Trustees in the management and administration of a benefit scheme. [6 marks]

### **Question Four**

- (a) Due to the growth and fast development of pension schemes and benefits, the government of Kenya through various legislations play a great role in pension administration. Explain the various tax and pension legislation techniques that the government has employed to protect both the contributors and the beneficiaries of pension. [12 marks]
- (b) The penetration and coverage of Insurance and scheme benefits is still low in Kenya. Discuss the reasons for this phenomenon. In your opinion, discuss what can be done to market benefit scheme contributions among individuals. [8 marks]
-