

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS**EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF COMMERCE****BCOM 344: PENSIONS MANAGEMENT****STREAMS: BCOM Y3S1****TIME: 2 HOURS****DAY/DATE: WEDNESDAY 18/12/2024****8.30 A.M – 10.30 A.M****INSTRUCTIONS:****Answer Question One and Any other Two Questions****Question One**

The growth of pensions sector in Kenya will depend on the confluence of economic growth, regulation and understanding our behaviour and motivations. Clearly, one way to grow individual pension is to expand the economy so that more people have something to lose and therefore insure. Workers participate in retirement plans to secure their future. These plans have an enormous social and economic impact on the nation. Retirement benefits increase the economic security of both individuals and families during retirement. Pension legislation through Retirements Benefits Authority (RBA) has had a great influence on the design and growth of retirement benefits in the country.

- a) Explain the motivating factors for the growth of pension sector in Kenya. (30marks)
- b) ‘Workers participate in retirement plans to secure their future’. Discuss the benefits of contributing to a pension fund. (10marks)
- c) Discuss five roles of Retirement Benefits Authority (RBA) in legislation of pension schemes in Kenya. (10marks)

Question Two

- a) Most pension plans have a minimum age and service requirement that must be met before employees can participate in the pension plan. Explain the retirement ages of a typical pension plan in Kenya. (8 marks)
- b) In pensions, there is a risk that the pensioner will live to a very advanced age or that they will retire early. Discuss the common risk factors on various pension contracts in Kenya. (12marks)

Question Three

Ndagani Hotel LTD is in the process of implementing a pension scheme to its 100 employees. The management of the firm has come to you for advice on the appropriate kind of pension scheme to administer. Propose a suitable scheme to Ndagani Hotel LTD, clearly indicating the advantages and shortcomings of the recommended scheme. (20marks)

Question Four

- a) Over the last decade, there has been tremendous growth in Insured pension Schemes in Kenya, where benefits are provided by an insurance company under an insurance policy to which premiums are paid. Explain five such schemes. (10marks)
 - b) It is a requirement under the Pensions Act that all Registered Pension Schemes have a scheme administrator. Explain five duties of a Scheme Administrator. (10marks)
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