

INSTITUTE OF ACTUARIES OF INDIA

EXAMINATIONS

05th November, 2014

Subject SA4 – Pensions and Other Employee Benefits

Time allowed: Three hours (14.45* - 18.00 Hrs)

Total Marks: 100

INSTRUCTIONS TO THE CANDIDATES

- 1. Please read the instructions on the front page of answer booklet and instructions to examinees sent along with hall ticket carefully and follow without exception*
- 2. * You have 15 minutes at the start of the examination in which you are required to read the questions. You are strongly encouraged to use this time for reading only, but notes may be made. You then have three hours to complete the paper.*
- 3. You must not start writing your answers in the answer sheet until instructed to do so by the supervisor*
- 4. The answers are expected to be India Specific application for the syllabus and corresponding core reading. However, substantially the core reading material is still taken from material supplied by Actuarial Education Company which are meant for UK Fellowship examination. The core reading also contains some material which is India Specific applications or work carried out from within India, mostly the APS/GNs issued by ASI/IAI, Accounting Standards by ICAI, Indian Tax and other relevant documents and funding or accounting standards issued by other bodies outside India. In view of this, it should be noted that focal point of answers is expected to be India Specific application for work generally carried out of India. However if application specific to any other country is quoted in the answer, the same you should answer the question with reference to Indian environment.*
- 5. Attempt all questions in order of sequence.*
- 6. Begin answer to each question on a separate sheet, however answer to sub-questions can be on the same sheet.*
- 7. Mark allocations are shown in brackets.*
- 8. Please check if you have received complete Question Paper and no page is missing. If so then kindly get new set of Question Paper from the Supervisor.*

AT THE END OF THE EXAMINATION

Please return your answer booklet and this question paper to the supervisor separately. You are not allowed to carry the question paper in any form with you.

- Q. 2)** **i)** What is a retirement Trust? Who are the parties involved in a retirement trust? (2)
- ii)** Define the constitution & structure, trust regulations, contribution and benefit payment requirements, investment regulations, funding vehicles and tax provisions pertaining to the following:
- Employees Provident Fund
 - Gratuity
 - Group Superannuation
 - NPS
- (30)
[32]
- Q. 3)** **i)** For a final salary Defined Benefit pension scheme, list the risks to the sponsor with a suitable illustration to explain the risk (Define the assumption that is being made for the plan provisions for the purpose of illustration of the risks) (8)
- ii)** Explain the options for mitigating such risks for the sponsor of a Defined Benefit Pension scheme (8)
- iii)** Define the Employees’ Pension Scheme (EPS) (6)
- iv)** The minimum pension under the Employees’ Pension Scheme has recently been revised to INR 1000. Explain the implication of this revision with suitable illustrations. (6)
- [28]
