



MAASAI MARA UNIVERSITY
REGULAR UNIVERSITY EXAMINATIONS
2017/2018 ACADEMIC YEAR
FOURTH YEAR FIRST SECOND SEMESTER

SCHOOL OF BUSINESS & ECONOMICS
BACHELOR OF BUSINESS MANAGEMENT

COURSE CODE: BHR 411

COURSE TITLE: RETIREMENT AND PENSION SCHEMES

DATE 23TH APRIL 2018

TIME: 08.30-10.30

INSTRUCTIONS TO CANDIDATES

1. Answer Question **ONE** and any other **THREE** questions
2. *This paper consists of 3 printed pages. Please turn over.*

QUESTION ONE

- a. Explain the following terms used in pension management: **(10 marks)**
- i. Gratuity
 - ii. Pension
 - iii. Pensionable emolument
 - iv. Pension fund
 - v. Pension entity
- b. Explain what is meant by pension plans and discuss the different types of pension plans **(7 marks)**
- c. Using relevant examples discuss the benefits of retirement and pension schemes to both the individual employees and to the organization. **(4 marks)**
- d. Discuss the main differences between a pension fund and a provident fund **(4 marks)**

QUESTION TWO

- a. Explain the difference between defined contribution plan and defined benefit plan and provide the advantages and disadvantages of a defined contribution plan. **(10 marks)**
- b. Discuss the main areas of responsibility of a pension fund manager **(5 marks)**

QUESTION THREE

- a. The Retirement Benefits Act was enacted to provide a regulatory framework for the retirement benefits industry. The Act created the Retirement Benefits Authority to oversee the industry's management and development in a prudent and appropriate manner. Explain the objects and functions of the Authority. **(10 Marks)**
- b. Explain the factors that contribute and determine the maturity and immaturity of a pension fund. **(5 marks)**

QUESTION FOUR

- a. Explain the factors that have contributed to the growth of the retirement benefits industry in Kenya. **(8 marks)**
- b. Discuss some of the problems that the pensions industry faced before a clear regulatory framework were put in place and which led to the enactment of the Retirement Benefits Act I 1997. **(7 marks)**

QUESTION FIVE

The NSSF was first established under an Act of parliament in 1965. The NSSF is established as a provident fund operating on a defined contribution basis. Discuss the main provisions of the NSSF Act no. 45 of 2013. **(15 marks)**