



Core Unit 1B – Foundation in International Employee Benefits

Assignment 4 Notes

(Part 5 The European Union)

Recommended Time: 1 Hour

1. Identify and briefly describe the functions of the principal bodies of the European Union (EU).

10 marks

Answer should cover:

Five principal bodies include:

- European Commission
- European Council of Ministers
- European Parliament
- Directorate General
- European Court of Justice

This question requires a brief description of the bodies that have been identified and the marks are broadly equally split between all of them.

(Relevant section of the manual is Part 5, Chapter 1.2)

2. Explain how the EU has impacted pensions legislation in member states.

10 marks

Answer should cover:

Examples are:

- Court rulings, for example a ruling on the Barber case
 - Direct legislation, for example through the Pensions Directive, protecting workers rights, freedom of movement,
- Indirect activities: for example, through the introduction of Single European Currency

This question requires a full explanation of the relevant material.

(Relevant sections of the manual are Part 5, Chapter 1.3 and 1.5.)



3. List the stated objectives of the Pensions Directive.

5 marks

Answer should cover:

- Ensure high level of protection for beneficiaries
- Enable funds to take advantage of the Single Market and the Euro
- Guarantee a “level playing field” between all providers of occupational pension services
- Allow mutual recognition of prudential regimes between Member-States
- Pave the way towards cross-border pension provision

(Relevant section of the manual is Part 5, Chapter 1.5.)

4. The Pensions Directive applies to all “Institutions for Occupational Retirement Provision” (IORPs). List the exceptions.

5 marks

Answer should cover:

- Pension plans with less than 100 members, if the given Member-State so decides
- Social Security Systems
- Life insurance companies, with certain exceptions
- Unfunded pension arrangements
- In Germany, “Unterstützungskassen” (support funds)

(Relevant section of the manual is Part 5, Chapter 1.5.)

5. Outline the social security rights of internationally-mobile employees in the EU.

10 marks

Answer should cover:

The impact of Regulation 1408/71 and its successors.

Three fundamental principles:

- Non-discrimination between nationals and legal residents of EU member States
- Portability of social security benefits
- Aggregation of periods of coverage in each Member-State

(Relevant section of the manual is Part 5, Chapter 1.6.)

6. Outline the impact of Economic and Monetary Union on pension plans in the EU.

10 marks

As this question requires only an outline and carries 10 marks a succinct summary of the following is all that is required:

- Direct and immediate factors
- Indirect and long term factors
- Absence of currency risk

(Relevant section of the manual is Part 5, Chapter 1.3.)



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