



## International 2: Managing International Employee Benefits

### Assignment 2

*(Part 3 – Funding and Risk Management of Long Term Employee Benefits  
Part 4 – Management and Provision of Risk Benefits)*

*Recommended Time: 3 hours*

1. Explain how the funding position of pension funds has changed since the 1990s, the external factors impacting on this and why this has led to the closure of many defined benefit plans.  
**10 marks**
2. How do regulators affect a company's funding decision and practice?  
**15 marks**
3. Give two examples of how a company's business objectives may affect its employee benefit funding decisions.  
**5 marks**
4. How may a company change the nature of benefit provision so as to reduce the risk it takes on? Give three examples.  
**15 marks**
5. Describe the difference between passive and active investment management, including potential advantages and disadvantages of each approach.  
**10 marks**
6. List the elements that make up the pension cost determination for international accounting purposes and briefly describe three of these elements.  
**5 marks**
7. Define and compare Loss Carried Forward and Stop Loss insurance systems.  
**10 marks**
8. Describe the quantitative and qualitative factors to take into account when choosing a multinational pooling network.  
**15 marks**
9. Define a Captive Insurance company and outline the main reasons why a Captive is set up by a multinational.  
**15 marks**