



International 2: Managing International Employee Benefits

Mock Examination Notes

Recommended Time: 3 hours

1. **You are employed by a large multinational company, which operates across the world in a highly competitive sector. Explain the factors that should be considered in developing an international employee benefits policy for the company.**

20 marks

A full answer would include a brief explanation of an international benefits policy.

The factors include:

- Strategic considerations
- Corporate and employer objectives
- The labour market
- Market positioning
- Cross border consistency
- Other factors may be relevant and these could be explained in a full answer

As this question is asking for an explanation and carries 20 marks it is seeking a reasonable level of detail for each of the factors. An example would also be helpful.

(The relevant section of the Study Manual is Part 2 Chapter 1.5)

2. **As an international benefit consultant prepare a summary report for a client that is considering expanding its business into Russia, that covers:**

- **An overview of the broad economic and employment climate;**
- **Typical pension and risk benefit provision.**

20 marks

As this question asks for a report a small number of marks (2 or 3) are available for producing an answer in a report format. This is covered in the PMI Communication Manual.

The detail is contained in the relevant section of the study manual.

(The relevant section of the Study Manual is Part 5 Chapter 2)



- 3. You are the benefits manager for 123 Company that has just acquired a business with a DB plan. Draft a briefing note for the Finance Manager of 123 Company that outlines some of the recent developments that may help to manage and reduce the associated risks.**

20 marks

As this question asks for a briefing note a small number of marks (2 or 3) are available for producing an answer in that format. This is covered in the PMI Communication Manual.

It should include brief discussion of the risks.

The note should contain discussion of the various ways to reduce risks, including:

- Use of swaps, derivatives
- Incentivisation

(The relevant section of the Study Manual is Part 8 Chapter 1.1.2)

- 4. Write notes on the impact of multinational business on corporate governance and employee benefits.**

10 marks

As this question asks for notes and carries only 10 marks, the following should be covered:

- How multinational business requires differing governance structures
- An outline of these structures and how they meet the challenges

(The relevant section of the Study Manual is Part 2 Chapter 1.3)

- 5. Write notes on the management of employee benefits via a global benefits committee.**

10 marks

As this question asks for notes and carries only 10 marks, the following should be covered:

- Identification of the reasons for setting up a committee
- The typical terms of reference for such a committee

(The relevant section of the Study Manual is Part 2 Chapter 1.4)



6. Write notes on the provision of medical benefits in China.

10 marks

As this question asks for notes and carries only 10 marks, the following should be covered:

- Brief survey of the Chinese situation in this area

(The relevant section of the Study Manual is Part 5 Chapter 4.3)

7. Write notes on the impact of a sale or merger transaction on employee benefits.

10 marks

As this question asks for notes and carries only 10 marks, the following should be covered:

- transaction may impact employee benefit plans directly, and their insurance or other financing vehicles
- Insurance policies may have been issued on a Group-wide basis, or be subject to specially agreed terms
- Is it possible to maintain membership of multi-employer benefit plans (carve-outs, transfers, cross-subsidies, lack of control)?
- Increases or reductions in benefits
- Restructuring

(The relevant section of the Study Manual is Part 7 Chapter 1.2)