

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF COMMERCE

BCOM 343: PENSIONS

STREAMS: BCOM Y3S2

TIME: 2 HOURS

DAY/DATE: FRIDAY 05/08/2016

2.30 P.M. – 4.30 P.M.

INSTRUCTIONS:

- **Answer Question ONE and any other TWO Questions.**

Question One

Chuka University intends to establish a pension scheme for its employees. You have been nominated as a consultant to explain to the management and staff on the following issues:

- The types of qualified retirement plans the university can consider. (8 marks)
- The benefits of employee pension scheme to the employer. (8 marks)
- The risk factors to be considered for each category of pension contracts. (8 marks)
- The retirement ages of a typical pension plan. (6 marks)

Question Two

While most Kenyans look forward to retirement as a time to live their life the way they like, a vast majority are not saving enough to enjoy the lifestyle they desire when they retire;

- Explain the reasons for low uptake of pension contribution in Kenya. (10 marks)
- Discuss how the government of Kenya can make retirement affordable.(10 marks)

Question Three

Over the past ten years, there has been various changes in the insurance industry that have increased the uptake of pension products in Kenya. Giving practical examples, explain the political, legal and economic changes and developments affecting the growth of the insurance industry in Kenya. (20 marks)

Question Four

- a) Discuss the principle of ‘annuity’ in retirement planning. (3 marks)
 - b) Insurers sell a wide variety of individual annuities. Discuss the major annuities sold by insurance firms in Kenya. (12 marks)
 - c) Explain the functions of a pension fund manager. (5 marks)
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