

**NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY**

**DEPARTMENT OF INSURANCE AND ACTUARIAL SCIENCE**

**B. COMM (HONS.) INSURANCE & RISK MANAGEMENT DEGREE**

**PENSION PLANNING AND ADMINISTRATION - (CIN 4008)**

**APRIL 2003 FINAL EXAMINATION**

**DURATION : 3 HOURS**

**INSTRUCTIONS TO CANDIDATES**

- Answer **five** questions in all
- Section A questions are compulsory.
- Answer any 3 questions from Section B
- All questions carry equal marks

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**SECTION A**

**Question One**

"The traditional Zimbabwean retirement planning methods are better than the Pension Schemes." Evaluate this statement.

**{20 marks}**

**Question Two**

ABC Pvt. Ltd. runs a defined benefit pension scheme for its employees. The workers committee has approached your employee benefits consultancy firm seeking your professional advice on whether it is in their best interest to convert to a defined contribution scheme.

Write a detailed report for them, including details of how a valuation deficit on conversion can be dealt with.

**{20 marks}**

**SECTION B**

**Question Three**

Mr. Moyo is due for retirement from a defined benefit scheme. What benefits are likely to be paid to him and how

are these benefits calculated?

{20 marks}

**Question Four**

Is it a wise idea to set up a self-administered pension scheme?

{20 marks}

**Question Five**

Briefly discuss the following terms in relation to pension funds:

- a) Prescribed Asset Ratio
- b) Preservation
- c) Conversion Option
- d) Accumulation
- e) Vesting bonus

{20 marks}

**Question Six**

The Statutory Instrument 393 of 1993 provides for the payment of an invalidity benefit. Who qualifies for this benefit and how is the benefit calculated?

{20 marks}

**Question Seven**

"The investment returns provided by a pension fund ultimately determines the standard of living of its members after retirement."

What are the shortcomings of the current investment avenues?

{20 marks}

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**END OF EXAMINATION PAPER**