



**Pensions  
Management  
Institute**

## **Reward and Retirement Provision**

April 2022

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This contains several short answer questions. Attempt **ALL** questions.

The total marks for this paper are 100.

1. The Executive Share Option Scheme was introduced in the Finance Act 1984 and is now known as a Company Share Option Plan (CSOP).

In your role as a benefit consultant to XYZ Company, prepare a report for consideration by the Reward Manager, which covers the following aspects of a CSOP:

- The key features
- Eligibility of employees to participate
- Provisions relating to the grant of options
- Provisions relating to the tax approved value and standard exercise of options
- Restrictions that may be imposed on the exercise of options

Your report does **not** need to make reference to the position of any employee who leaves service, for whatever reason, before their option is exercised.

**(35 Marks)**

2. Write an email to the Global HR team which sets out the key features of the Lifetime Individual Savings Account (LISA) and the circumstances in which an employee may wish to consider one.

**(15 Marks)**

3. When considering a Company's benefits strategy, contrast the two ways in which benefits can be valued and list examples of when each are likely to be used.

**(15 Marks)**

4. As HR Manager, prepare a summary setting out the ways in which your employer could provide childcare provision for employees. You should include details of the Income Tax and National Insurance that may be payable by employees that opt for this childcare provision.

**(15 Marks)**

**Please turn over**

5. As Benefits Manager to a medium sized industrial company write a summary setting out the current National Living Wage (NLW) and National Minimum Wage (NMW) rates.

Your summary should cover:

- Wage rates for different age groups and apprentices (5 Marks)
- Main items included and excluded when calculating pay for NLW and NMW purposes (5 Marks)

**(10 Marks)**

6. Private Medical Insurance is one of the most valued employee benefits, but increasing costs are an important consideration for employers when providing this benefit.

Identify how Managed Care and Directional Care can help the employer with cost containment.

**(10 Marks)**

**End of Paper**