

Examiners' Report - Reward and Retirement Provision – October 2024

The paper comprised of five questions, four of which required the answer to be in a particular communication format, either a report, an article, a summary or an email. It was pleasing to note that the general standard of writing was good and learners were able to gain valuable formatting marks.

Question 1

This question carried 35 marks and the answer was to be in the format of a report.

The question related to employer sponsored Income Protection (IP) arrangements which is a wide ranging subject. Accordingly the question was broken down into specific aspects of such arrangements.

There were many good answers where learners were able to recall most of the details requested including:

- An overview of an IP arrangement
- Gross Pay Policy
- When benefits might cease

However, design features and the factors which needed to be considered in the costing of premiums were often overlooked.

The relevant section of the Tuition Manual was Section 2, Chapter 1.3

Question 2

The answer to this question was to be written as an article and requested the concept and possible disadvantages of flexible benefit schemes.

The section covering the concept of these schemes was well answered, but much detail concerning the disadvantages was omitted, such as:

- A flex scheme might not be the right choice for every company,
- Flex might not fit an organisation's culture and reward strategy
- The cost of setting up a flex scheme.

The general layout of answers was good.

The relevant section of the Tuition Manual was Section 3, Chapter 2 -2.1 & 2.3

Question 3

This question related to career breaks and the answer was to be written as a summary. It was reasonably well answered, but in some cases there was confusion between a career break and a sabbatical.

The reasons for introducing career breaks were well answered.

However, many learners were unable to recite:

- the various conditions and eligibility criteria which may apply to a career break
- the terms and conditions that may apply on return to work in a part time capacity

The relevant section of the Tuition Manual was Section 3, Chapter 4 – 4.1.1

Question 4

This was a straightforward question asking for the key points of a salary sacrifice arrangement. The answer was required to be set out in an email format.

In general, it was well answered. The main points which were omitted included:

- Reference to an employee's contract of employment
- Salary sacrifice falls under employment and not tax law
- Reference to bonus sacrifice and the differences between salary and bonus sacrifice.

Several learners omitted to identify the types of benefits, apart from pension contributions, which a salary sacrifice could be used for.

The relevant section of the Tuition Manual was Section 3, Chapter 3 – 3.1

Question 5

This question related to the payment of a Christmas bonus to pensioners. Generally, it was not well answered, possibly because such payments are now less common.

Learners had difficulty in identifying the different tax treatment of Christmas bonus under pre 6 April and post 5 April 2006 tax regimes, and also where the payment of a Christmas bonus may become an authorised payment under FA 2004.

Another omission was the failure to mention the other benefits which could be given to pensioners, eg Christmas hampers.

The relevant section of the Tuition Manual was Section 1, Chapter 2.7.2