

Sample Exam Questions

Reward and Retirement Provision

Instructions:

- This is only a sample paper and therefore consists of 30 multiple-choice questions.
 - Choose the correct answer from the options (A, B, C, or D).
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1. Which of the following would typically be considered a "benefit in kind"?

- A) Overtime pay
- B) Cash bonuses
- C) Company-provided health insurance
- D) Base salary

2. The purpose of "automatic enrolment" in retirement schemes is to:

- (A) Automatically increase employer contributions each year
- (B) Enrol employees in retirement savings without requiring their initiation
- (C) Allow employees to opt out of pension contributions
- (D) Provide additional vacation time for enrolled employees

3. An example of a non-contractual benefit might include:

- A) Overtime pay
- B) Base salary
- C) Free tea and coffee in the office
- D) Health insurance

4. What is the main purpose of the National Minimum Wage (NMW) and National Living Wage (NLW)?

- A) To set a minimum annual salary
- B) To establish a baseline hourly rate for workers

- C) To determine pension contributions
- D) To dictate retirement ages

5. In the context of employment, "salary sacrifice" refers to:

- A) Receiving reduced benefits in exchange for higher pay
- B) Employees opting for lower cash salary to fund benefits
- C) Automatically increased taxes for high-income employees
- D) Reduced employer contributions to pensions

6. Which type of benefit is generally used to provide income in the event of long-term illness?

- A) Life insurance
- B) Income Protection insurance
- C) Critical Illness cover
- D) Travel insurance

7. A "performance-related pay" scheme is designed to:

- A) Offer higher pay to employees with greater tenure
- B) Replace the need for annual bonuses
- C) Provide mandatory raises for all employees
- D) Increase pay based on individual or team performance

8. Which type of pension plan involves the employer paying a specified benefit amount upon retirement?

- A) Defined Benefit Plan
- B) Defined Contribution Plan
- C) Flexible Contribution Plan
- D) Share Ownership Plan

9. The "Transfer of Undertakings (Protection of Employment) Regulations" (TUPE) protect:

- A) Employers from pension liabilities
- B) Flexible benefits from government tax rule
- C) Employers' rights to alter benefits packages
- D) Employees' terms and conditions in a business transfer

10. A "contribution holiday" in a retirement plan generally allows:

- A) Employees to temporarily reduce contributions without losing benefits
- B) Increased mandatory contributions for a limited time
- C) Only employers to pause contributions
- D) Changes to the retirement age

11. Income Protection insurance typically provides:

- A) Lump sum payments for life events
- B) Health coverage for family members
- C) Regular payments during prolonged illness or disability
- D) Only accident coverage

12. A common objective of a "well-being program" in an organisation is to:

- A) Improve employee health and reduce absenteeism
- B) Replace all retirement benefits
- C) Increase mandatory retirement ages
- D) Set base salary levels

13. In a DC plan, which party is primarily responsible for the investment risk?

- A) The government

- B) The employer
- C) The employee
- D) The pension provider

14. Flexible spending accounts in benefits packages allow employees to:

- A) Contribute pre-tax income toward certain qualified expenses
- B) Invest in company stock options
- C) Increase their take-home pay
- D) Avoid contributing to retirement plans

15. Incentive programs are primarily used to:

- A) Increase employees' annual leave
- B) Set standard salary levels across the organisation
- C) Replace the need for health benefits
- D) Recognise and reward specific achievements or behaviours

16. In a DC plan, the accumulation phase refers to the period when:

- A) Funds are withdrawn for retirement income
- B) A guaranteed income is provided
- C) Only employer contributions are made
- D) Contributions and investment growth build the pension pot

17. Employers offer "benefits in kind" to:

- A) Replace base salary increases
- B) Avoid all employee taxes
- C) Provide non-cash benefits like health insurance or gym memberships
- D) Increase only high-level executive pay

18. An employer's "total rewards package" may include:

- A) Only base salary and overtime pay
- B) Cash compensation, benefits, recognition, and development opportunities
- C) Only pension contributions
- D) Bonuses and non-taxable income only

19. The primary benefit of offering a "pension contribution match" is to:

- A) Encourage employee savings for retirement by matching their contributions
- B) Increase employees' taxable income
- C) Replace health insurance benefits
- D) Require employees to work longer hours

20. Which of the following is often considered an "intangible reward"?

- A) Overtime pay
- B) Performance bonuses
- C) Health insurance
- D) Job satisfaction and career development opportunities

True/False Questions: Defined Benefit Arrangements

For each question, select the correct answer from the following options:

- **(A)** Both True
 - **(B)** Only (i) True
 - **(C)** Only (ii) True
 - **(D)** Both False
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21. (i)Total rewards approaches focus exclusively on retirement benefits.

- (ii) Employer-matched contributions eliminate the need for employee contributions.
- 22.** (i) In a reward strategy, non-financial rewards can include career development and recognition.
(ii) A well-being programme is often included in employee benefits to enhance health and reduce absenteeism.
- 23.** (i) Salary sacrifice arrangements can reduce an employee's taxable income.
(ii) Salary sacrifice is mandatory for all employees in retirement provision schemes.
- 24.** (i) In DC plans, the employer guarantees a specific retirement benefit.
(ii) Defined contribution (DC) plans place investment risk primarily on the employee.
- 25.** (i) Automatic enrolment requires eligible employees to be enrolled into a workplace pension automatically.
(ii) Employees cannot opt out of automatic enrolment once enrolled.
- 26.** (i) SIPs are available only to employees with over 10 years of service.
(ii) SIPs are available only to employees with over 5 years of service.
- 27.** (i) Income Protection insurance is primarily intended to provide post-retirement income.
(ii) Income Protection insurance replaces part of an employee's income during prolonged illness.
- 28.** (i) A flexible benefits plan allows employees to choose benefits that best suit their needs.
(ii) Flexible benefits plans are typically restricted to high-level executives only.
- 29.** (i) Performance-related pay is generally fixed and unrelated to employee performance.
(ii) Performance-related pay schemes reward employees based on their individual or team performance.
- 30.** (i) A target-date fund automatically adjusts asset allocation as the retirement date approaches.
(ii) Target-date funds are generally only available in defined-contribution schemes.

ANSWER KEY

1. Which of the following would typically be considered a "benefit in kind"?

- A) Overtime pay
- B) Cash bonuses
- C) Company-provided health insurance
- D) Base salary

Answer: C

2. The purpose of "automatic enrolment" in retirement schemes is to:

- (A) Automatically increase employer contributions each year
- (B) Enrol employees in retirement savings without requiring their initiation
- (C) Allow employees to opt out of pension contributions
- (D) Provide additional vacation time for enrolled employees

Answer B

3. An example of a non-contractual benefit might include:

- A) Overtime pay
- B) Base salary
- C) Free tea and coffee in the office
- D) Health insurance

Answer: C

4. What is the main purpose of the National Minimum Wage (NMW) and National Living Wage (NLW)?

- A) To set a minimum annual salary
- B) To establish a baseline hourly rate for workers
- C) To determine pension contributions
- D) To dictate retirement ages

Answer: B

5. In the context of employment, "salary sacrifice" refers to:

- A) Receiving reduced benefits in exchange for higher pay
- B) Employees opting for lower cash salary to fund benefits
- C) Automatically increased taxes for high-income employees
- D) Reduced employer contributions to pensions

Answer: B

6. Which type of benefit is generally used to provide income in the event of long-term illness?

- A) Life insurance
- B) Income Protection insurance
- C) Critical Illness cover
- D) Travel insurance

Answer: B

7. A "performance-related pay" scheme is designed to:

- A) Offer higher pay to employees with greater tenure
- B) Replace the need for annual bonuses
- C) Provide mandatory raises for all employees
- D) Increase pay based on individual or team performance

Answer: D

8. Which type of pension plan involves the employer paying a specified benefit amount upon retirement?

- A) Defined Benefit Plan

- B) Defined Contribution Plan
- C) Flexible Contribution Plan
- D) Share Ownership Plan

Answer: A

9. The "Transfer of Undertakings (Protection of Employment) Regulations" (TUPE) protect:

- A) Employers from pension liabilities
- B) Flexible benefits from government tax rule
- C) Employers' rights to alter benefits packages
- D) Employees' terms and conditions in a business transfer

Answer: D

10. A "contribution holiday" in a retirement plan generally allows:

- A) Employees to temporarily reduce contributions without losing benefits
- B) Increased mandatory contributions for a limited time
- C) Only employers to pause contributions
- D) Changes to the retirement age

Answer: C

11. Income Protection insurance typically provides:

- A) Lump sum payments for life events
- B) Health coverage for family members
- C) Regular payments during prolonged illness or disability
- D) Only accident coverage

Answer: C

12. A common objective of a "well-being program" in an organisation is to:

- A) Improve employee health and reduce absenteeism
- B) Replace all retirement benefits
- C) Increase mandatory retirement ages
- D) Set base salary levels

Answer: A

13. In a DC plan, which party is primarily responsible for the investment risk?

- A) The government
- B) The employer
- C) The employee
- D) The pension provider

Answer: C

14. Flexible spending accounts in benefits packages allow employees to:

- A) Contribute pre-tax income toward certain qualified expenses
- B) Invest in company stock options
- C) Increase their take-home pay
- D) Avoid contributing to retirement plans

Answer: A

15. Incentive programs are primarily used to:

- A) Increase employees' annual leave
- B) Set standard salary levels across the organisation
- C) Replace the need for health benefits
- D) Recognise and reward specific achievements or behaviours

Answer: D

16. In a DC plan, the accumulation phase refers to the period when:

- A) Funds are withdrawn for retirement income
- B) A guaranteed income is provided
- C) Only employer contributions are made
- D) Contributions and investment growth build the pension pot

Answer: D

17. Employers offer "benefits in kind" to:

- a. Replace base salary increases
- b. Avoid all employee taxes
- c. Provide non-cash benefits like health insurance or gym memberships
- d. Increase only high-level executive pay

Answer: C

18. An employer's "total rewards package" may include:

- a. Only base salary and overtime pay
- b. Cash compensation, benefits, recognition, and development opportunities
- c. Only pension contributions
- d. Bonuses and non-taxable income only

Answer: B

19. The primary benefit of offering a "pension contribution match" is to:

- A) Encourage employee savings for retirement by matching their contributions
- B) Increase employees' taxable income
- C) Replace health insurance benefits
- D) Require employees to work longer hours

Answer: A

20. Which of the following is often considered an "intangible reward"?

- A) Overtime pay
- B) Performance bonuses
- C) Health insurance
- D) Job satisfaction and career development opportunities

Answer: D

True/False Questions: Defined Benefit Arrangements

For each question, select the correct answer from the following options:

- **(A)** Both True
 - **(B)** Only (i) True
 - **(C)** Only (ii) True
 - **(D)** Both False
-

21. (i) Total rewards approaches focus exclusively on retirement benefits

(ii) Employer-matched contributions eliminate the need for employee contributions

Answer D

22 . (i) In a reward strategy, non-financial rewards can include career development and recognition.

(ii) A well-being programme is often included in employee benefits to enhance health and reduce absenteeism.

Answer A

23. (i) Salary sacrifice arrangements can reduce an employee's taxable income.

(ii) Salary sacrifice is mandatory for all employees in retirement provision schemes.

Answer B

24. (i) In DC plans, the employer guarantees a specific retirement benefit

(ii) Defined contribution (DC) plans place investment risk primarily on the employee

Answer C

25. (i) Automatic enrolment requires eligible employees to be enrolled into a workplace pension automatically

(ii) Employees cannot opt out of automatic enrolment once enrolled.

Answer B

26. (i) SIPs are available only to employees with over 10 years of service.

(ii) SIPs are available only to employees with over 5 years of service.

Answer D

27. (i) Income Protection insurance is primarily intended to provide post-retirement income

(ii) Income Protection insurance replaces part of an employee's income during prolonged illness.

Answer C

28. (i) A flexible benefits plan allows employees to choose benefits that best suit their needs.

(ii) Flexible benefits plans are typically restricted to high-level executives only

Answer B

29. (i) Performance-related pay is generally fixed and unrelated to employee performance.

(ii) Performance-related pay schemes reward employees based on their individual or team performance.

Answer C

30. (i) A target-date fund automatically adjusts asset allocation as the retirement date approaches

(ii) Target-date funds are generally only available in defined-contribution schemes.

Answer A