



# THE CATHOLIC UNIVERSITY OF EASTERN AFRICA

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**MAIN EXAMINATION**

**JANUARY – APRIL 2014 TRIMESTER**

**FACULTY OF COMMERCE**

**DEPARTMENT OF ACCOUNTING AND FINANCE**

**REGULAR/EVENING PROGRAMME**

**CFI 324: PENSION SCHEMES**

**Date: APRIL 2014**

**Duration: 2 Hours**

**INSTRUCTIONS: Answer Question ONE and ANY OTHER TWO Questions**

- Q1. a) The Kenya Government is currently carrying out plans to reform the civil servants pension. Discuss why it has become necessary to carry out such reforms. **(10 marks)**
- b) Explain why the Government found it necessary to establish the Retirement Benefits Authority under the RBA Act 1997, and enumerate the various controls it exerts in the pension sector. **(10 marks)**
- c) Discuss the various options available on withdrawal benefits to a person who leaves the service of the employer before the normal retirement date. **(10 marks)**
- Q2. a) What is the role of trustees in a pension scheme? **(10 marks)**
- b) Discuss the various investment vehicles available to pension funds. **(10 marks)**
- Q3. a) Giving reasons explain why a company would find it necessary to insure the pension fund rather than have it administered privately. **(10 marks)**

- b) Discuss two changes contained in the new NSSF Act 2013 concerning contributions and membership to the fund. **(10 marks)**

Q4. Write notes on the following:

- a) Personal pension schemes. **(5 marks)**  
b) Actuarial evaluations of pension schemes. **(5 marks)**  
c) Early retirement benefits **(5 marks)**  
d) Fund administrator and fund manager **(5 marks)**

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