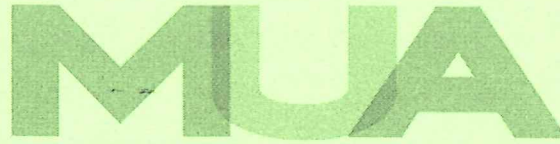


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**UNDERGRADUATE UNIVERSITY EXAMINATIONS**  
**SCHOOL OF MANAGEMENT AND LEADERSHIP**  
**DEGREE OF BACHELOR OF COMMERCE**

**HRM 412 : RETIREMENT BENEFITS MANAGEMENT**

**DATE: 7<sup>TH</sup> AUGUST 2024**

**DURATION: 2 HOURS**

**MAXIMUM MARKS: 70**

**INSTRUCTIONS:**

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **SIX (6)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **THREE** questions.
6. Question **ONE** carries **25 MARKS** and the rest carry **15 MARKS** each.
7. Write all your answers in the Examination answer booklet provided.

**QUESTION ONE**

Read the Case Study below carefully and answer the questions that follow:

ABC Corporation, a leading technology company with 5,000 employees, has built its reputation on innovation and a strong commitment to its workforce. Despite offering a comprehensive retirement benefits package that includes a 401(k) plan, a pension plan, and retiree health benefits, employee satisfaction has been declining. Surveys indicate confusion about the plans, inadequate HR support, and poor communication about benefits. The 401(k) plan participation rate has stagnated at 60%, and the utilization of retiree health benefits is lower than anticipated.

Employees have voiced several concerns: the retirement plans are complex and challenging to navigate, with many unsure about the differences between the 401(k) and pension plans and how to maximize their savings. Reports suggest HR is not sufficiently knowledgeable or responsive regarding benefits inquiries, leading to frustration. Communication from HR is infrequent and unclear, with important information often buried in lengthy documents.

The HR department, responsible for managing and communicating these benefits, struggles to keep up with the growing complexity of the plans and the diverse needs of the workforce. HR staff have expressed the need for better training and more resources to support employees adequately.

As the new HR manager tasked with overseeing retirement benefits, you must analyze the current system, identify key issues, and propose solutions to improve employee satisfaction and participation rates. The goal is to make the retirement benefits more accessible, understandable, and attractive to employees.

To address these challenges, consider the following potential reasons for declining employee satisfaction: lack of communication and education, inadequate HR support, and complexity of plans. Without clear and frequent communication, employees may feel uncertain about their options and how to maximize their benefits. If employees feel they are not getting sufficient support from HR, they might become frustrated. Simplifying the process and providing a streamlined, user-friendly interface or consolidated statements can help employees better understand and manage their retirement benefits.

To increase the participation rate in the 401(k) plan from 60%, implement automatic enrollment for new employees, leveraging inertia to significantly increase participation rates. Enhance the company's matching contributions to serve as a strong incentive for employees to participate. Conduct regular education sessions and awareness campaigns to help employees understand the benefits of participating in the 401(k) plan.

Improving communication about retiree health benefits can significantly boost employee satisfaction and utilization rates. When employees clearly understand the health benefits available post-retirement, they are more likely to appreciate and use them effectively. Improve communication through detailed brochures, informational webinars, and one-on-one consultations to address individual concerns and questions.

To assess the effectiveness of the new strategies, conduct regular surveys to gather feedback from employees on their satisfaction with the retirement benefits and HR support. Track key metrics such as 401(k) participation rates, retiree health benefits utilization rates, and engagement with educational programs. Organize focus groups with employees from different departments and demographics to discuss their experiences and perceptions of the retirement benefits. Collect feedback from HR staff on the new processes and tools implemented to support retirement benefits management. Finally, conduct annual reviews of the retirement benefits program, analyzing data and feedback to make informed decisions about necessary adjustments or enhancements. By implementing this comprehensive assessment plan, ABC Corporation can effectively measure the impact of the new strategies and ensure continuous improvement in their retirement benefits management.

**Required:**

- a) Identify and discuss four potential reasons for the declining employee satisfaction with the retirement benefits at ABC Corporation. (4 Marks)
- b) Propose three strategies to increase the participation rate in the 401(k) plan from 60%. (6 Marks)
- c) Evaluate the potential impact of improving communication about retiree health benefits on employee satisfaction and utilization rates. (5 Marks)

- d) Develop a plan for assessing the effectiveness of the new strategies implemented to improve retirement benefits management at ABC Corporation. (10 Marks)

**QUESTION TWO**

- a) Discuss five factors that affect early retirement (10 Marks)  
b) Discuss types of retirement benefits schemes (5 Marks)

**QUESTION THREE**

- a) Examine the two types of 401(k) plan (10 Marks)  
b) Explain the main pillars of the Kenyan retirement Benefits system (5 Marks)

**QUESTION FOUR**

- a) Discuss key elements of a compensation plan (10 Marks)  
b) Explain five reasons to embrace pay for performance (5 Marks)

**QUESTION FIVE**

- a) Discuss the advantages and disadvantages of pension fund (10 Marks)  
b) Examine the factors to consider when deciding on a **retirement plan** (5 Marks)

**QUESTION SIX**

- a) Explain five uses of compensation in an organization (10 Marks)  
b) Examine reasons why employee performance can drastically be affected even if a good compensation package is absent (5 Marks)