

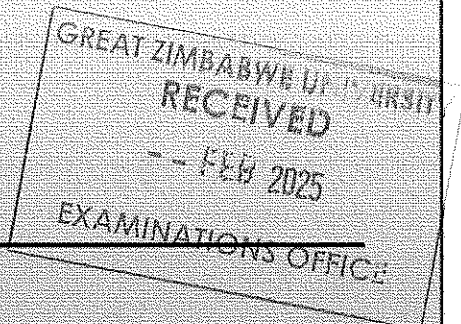


**HERBERT CHITEPO SCHOOL OF LAW AND BUSINESS
SCIENCES**

DEPARTMENT OF ECONOMICS AND FINANCE

SUPPLEMENTARY EXAMINATION

BACHELOR OF COMMERCE	PART 2 SEMESTER 2
COURSE	RETIREMENT FUNDING
CODE	HRMI 228
YEAR	2025
DATE	
DURATION	3 HOURS



INSTRUCTIONS TO CANDIDATES

- 1. THE PAPER COMPRISES 5 QUESTIONS.**
- 2. YOU ARE REQUIRED TO ANSWER ANY FOUR QUESTIONS.**
- 3. BEGIN THE ANSWER TO EACH QUESTION ON A FRESH PAGE OF THE ANSWER BOOKLET.**
- 4. NON-PROGRAMMABLE FINANCIAL OR SCIENTIFIC CALCULATORS ARE ALLOWED INTO THE EXAMINATION.**

QUESTION 1

1.1 Define the following terms:

- a) Retirement fund. (3)
- b) Investment (2)
- c) John will retire in 25 years. This year he wants to fund an amount of UD\$40,000 to become available in 20 years. How much does he have to deposit into a pension plan earning 10% annually? (5)

1.2 Discuss the benefit risks in defined contribution schemes. (15)

[Total 25 marks]

QUESTION 2

2.1 Explain the roles of the state and financial institutions in the provision of benefits.

(10)

2.2 Discuss the advantages and disadvantages of property investments. (15)

[Total 25 marks]

QUESTION 3

3.1 Briefly explain the characteristics of pension funds. (10)

3.2 Discuss the advantages and disadvantages of defined benefit pension plans. (15)

[Total 25 marks]

QUESTION 4

4.1 Explain why benefits may be lower than expected in defined benefit plans. (10)

4.2 Examine strategies of managing the following risks in retirement:

- a) Inflation risk (5)
- b) Excess withdrawal risk (5)
- c) Longevity risk (5)

[Total 25 marks]

[Total marks 25]

QUESTION 5

5.1 Examine any three common types of mutual funds. (10)

5.2 Describe the steps in the retirement planning process. (15)

[Total 25 marks]

END OF EXAMINATION