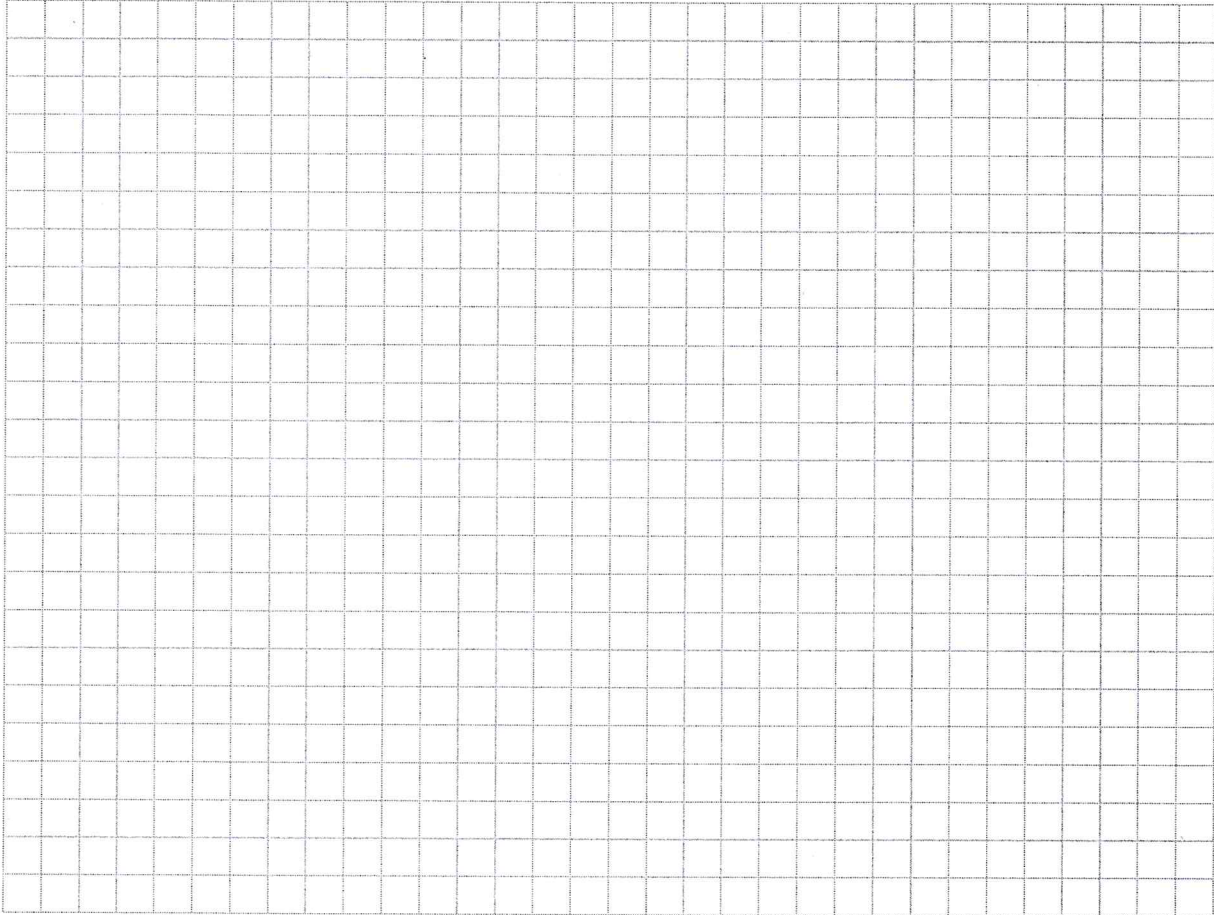


LCH - 2018 - Paper 1

- (c) *Acme Confectionery* has an employee pension plan. For an employee who qualifies for the full pension, *Acme Confectionery* will pay a sum of €20 000 on the day of retirement. It will then pay a sum on the same date each subsequent year for the next 25 years. Each year the employee is paid a sum that is 1% more than the amount paid in the previous year. What sum of money must the company have set aside on the day of retirement in order to fund this pension? Assume an annual interest rate (AER) of 2.4%.

2018 SEC
PAPER 2



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