

1993

Data for Question 19

Valuation date: 12/31/92.

Normal retirement benefit: 50% of final year's compensation.

Actuarial cost method: Individual aggregate.

Actuarial assumptions:

Interest rate: 7% per year.

Compensation increases: 3% per year.

Preretirement deaths and terminations: None.

Retirement age: 65.

Valuation data for participant Smith:

Date of birth	1/1/40
1992 compensation	\$50,000
Allocated assets as of 12/31/92	10,000

Selected annuity value:

$${}^{(12)}\ddot{a}_{65} = 8.74$$

Question 19

In what range is Smith's normal cost for 1992 as of 12/31/92?

- (A) Less than \$12,500
- (B) \$12,500 but less than \$13,000
- (C) \$13,000 but less than \$13,500
- (D) \$13,500 but less than \$14,000
- (E) \$14,000 or more

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