

2014

Data for Question 4 (4 points)

Type of plan: Multiemployer.

Early retirement provisions:

Eligibility	Age 55
Benefit amount for retirements:	
Before 1/1/2015	Accrued benefit, reduced 5.0% per year by which benefits commence before age 65
On and after 1/1/2015	Accrued benefit, reduced 3.0% per year by which benefits commence before age 65

Actuarial cost method: Unit credit.

Credit balance as of 12/31/2014: \$15,000.

Selected actuarial assumptions for 1/1/2015 valuation:

Interest rate	7.0%
Retirement	100% at age 62

Selected information (before plan amendment) as of 1/1/2015:

Actuarial (market) value of assets	\$1,270,000
Accrued liability for all active participants	1,170,000
Accrued liability for all other participants	410,000
Normal cost	240,000
Total amortization charges	140,000
Total amortization credits	60,000

All active participants are under age 60 as of 1/1/2015.

Question 4

In what range is the **smallest amount that satisfies the minimum funding standard** as of 12/31/2015?

- (A) Less than \$336,000
- (B) \$336,000 but less than \$342,000
- (C) \$342,000 but less than \$348,000
- (D) \$348,000 but less than \$354,000
- (E) \$354,000 or more

2014

Data for Question 6 (2 points)

Type of plan: Multiemployer.

Valuation date: 1/1/2015.

Actuarial cost method: Aggregate.

There are no pre-retirement decrements other than mortality.

On 1/1/2015, the plan is amended to increase the pre-retirement death benefit.

Consider the following statements with respect to the 2015 valuation for this defined benefit pension plan:

- I. The increase in the plan liability due to this amendment will be amortized over 15 years.
- II. The plan amendment and any assumption changes may establish one single amortization base for minimum funding purposes.
- III. The plan actuary must change the valuation assumptions.

Question 6

Which, if any, of the above statements is (are) true?

- (A) None
- (B) I only
- (C) II only
- (D) III only
- (E) The correct answer is not given by (A), (B), (C), or (D) above.

2014

Data for Question 7 (1 point)

Consider the following statement concerning the deductible limit for a multiemployer plan:

In determining the maximum deductible limit, an amendment increasing benefits adopted after the close of such plan year but no later than 2 years after the close of such plan year may be deemed to have been made on the first day of such plan year, at the election of the plan administrator.

Question 7

Is the above statement true or false?

- (A) True
- (B) False

2014

Data for Question 27 (2 points)

Type of plan: Multiemployer.

Plan year: 10/1 – 9/30.

Valuation date: 10/1/2014.

Date of projected funding deficiency: 9/30/2022.

The plan sponsor has adopted a plan to improve the plan's funding status.

The plan is projected to have sufficient assets to pay benefits timely for at least the next 30 years.

The plan sponsor provided notice to affected parties on 12/14/2014.

The plan sponsor filed for the automatic extension of amortization on 12/15/2014.

Consider the following statement:

The plan sponsor is eligible for the automatic extension of amortization periods for multiemployer plans.

Question 27

Is the above statement true or false?

(A) True

(B) False

2014

Data for Question 47 (3 points)

Type of plan: Multiemployer.

Actuarial cost method: Aggregate.

Valuation interest rate: 7.0%.

Credit balance at 12/31/2014: \$20,000.

Selected information as of 1/1/2015:

Actuarial (market) value of assets	\$2,530,000
Present value of future benefits	3,930,000
Present value of future compensation	4,770,000
Total compensation for all employees	540,000

\$X is the smallest amount that satisfies the minimum funding standard as of 12/31/2015.

Question 47

In what range is \$X?

- (A) Less than \$140,000
- (B) \$140,000 but less than \$150,000
- (C) \$150,000 but less than \$160,000
- (D) \$160,000 but less than \$170,000
- (E) \$170,000 or more

2014

Data for Question 50 (4 points)

Type of plan: Multiemployer.

Actuarial cost method: Entry age normal.

Valuation interest rate: 7.00%.

Credit balance as of 12/31/2013: \$1,000,000.

Selected information:

Plan year beginning	<u>1/1/2014</u>	<u>1/1/2015</u>
Actuarial (market) value of assets	\$6,250,000	\$6,280,000
Accrued liability	7,000,000	7,000,000
Normal cost	350,000	375,000
Amortization of outstanding charge bases established on or before 1/1/2014	500,000	475,000
Amortization of outstanding credit bases established on or before 1/1/2014	100,000	80,000

A single contribution of \$300,000 is made on 12/31/2014 for the 2014 plan year.

A single contribution of **\$X** is made on 12/31/2015 in the **smallest amount that satisfies the minimum funding standard** for the 2015 plan year.

Question 50

In what range is **\$X**?

- (A) Less than \$190,000
- (B) \$190,000 but less than \$200,000
- (C) \$200,000 but less than \$210,000
- (D) \$210,000 but less than \$220,000
- (E) \$220,000 or more

2014

Data for Question 52 (4 points)

Type of plan: Multiemployer.

Valuation date: 10/1/2014.

Actuarial cost method: Unit credit.

Valuation interest rate: 7.0%.

Credit balance as of 9/30/2013: \$820,000.

Selected information:

	<u>10/1/2013</u>	<u>10/1/2014</u>
Actuarial (market) value of assets	\$5,750,000	\$4,700,000
Accrued liability	6,070,000	6,750,000
Normal cost	450,000	450,000
Amortization of outstanding base	525,000	
Contribution made on 9/30/2014	565,000	

All bases were combined and offset as of 10/1/2013, including bases established as of 10/1/2013.

A single contribution $\$X$ is made on 9/30/2015 for the plan year ending 9/30/2015 in the **smallest amount that satisfies the minimum funding standard** for that year.

Question 52

In what range is $\$X$?

- (A) Less than \$600,000
- (B) \$600,000 but less than \$671,500
- (C) \$671,500 but less than \$743,000
- (D) \$743,000 but less than \$814,500
- (E) \$814,500 or more

2015

Data for Question 4 (4 points)

Type of plan: Multiemployer.

Credit balance as of 12/31/2015: \$25,000.

Valuation interest rate: 7.0%.

Normal cost as of 1/1/2016: \$200,000.

Amortization information as of 1/1/2016 for all bases established before 2016:

	<u>Years remaining</u>	<u>Outstanding balance</u>
Combined charge base	8	\$800,000
Experience gain	13	(300,000)
Experience loss	14	195,000

Experience loss for 2015 as of 1/1/2016: \$100,000.

The plan is amended on 12/31/2015 to pay each retired participant a one-time additional payment on 12/31/2016. This increases the plan's liability as of 1/1/2016 by \$30,000.

\$X is the **smallest amount that satisfies the minimum funding standard** as of 12/31/2016.

Question 4

In what range is \$X?

- (A) Less than \$300,000
- (B) \$300,000 but less than \$325,000
- (C) \$325,000 but less than \$350,000
- (D) \$350,000 but less than \$375,000
- (E) \$375,000 or more

2015

Data for Question 5 (3 points)

Type of plan: Multiemployer.

Plan effective date: 1/1/2010.

Actuarial cost method: Unit credit.

The plan was amended effective 1/1/2016.

Normal retirement benefit before amendment: \$25 per month for all years of service.

Normal retirement benefit after amendment: \$26 per month for all years of service.

Valuation interest rate: 6.0%.

Credit balance as of 12/31/2015: \$500.

Selected information as of 1/1/2016 (before amendment):

Actuarial (market) value of assets	\$985,000
Accrued liability for active participants	1,000,000
Accrued liability for inactive participants	0
Normal cost	35,000
Net amortization charges	1,000

\$X is the **smallest amount that satisfies the minimum funding standard** as of 12/31/2016.

Question 5

In what range is \$X?

- (A) Less than \$40,500
- (B) \$40,500 but less than \$41,500
- (C) \$41,500 but less than \$42,500
- (D) \$42,500 but less than \$43,500
- (E) \$43,500 or more

2015

Data for Question 6 (4 points)

Type of plan: Multiemployer.

Valuation date: 1/1/2016.

Actuarial cost method: Aggregate.

Credit balance as of 12/31/2015: \$50,000.

Valuation interest rate: 6.0%.

Selected information as of 1/1/2016:

Market value of assets	\$36,000,000
Actuarial value of assets	35,000,000
Present value of future benefits	45,000,000
Present value of expected 2016 compensation	2,500,000
Present value of expected future compensation	25,000,000

\$X is the single contribution paid on 12/31/2016 in the **smallest amount that satisfies the minimum funding standard.**

Question 6

In what range is **\$X**?

- (A) Less than \$950,000
- (B) \$950,000 but less than \$1,000,000
- (C) \$1,000,000 but less than \$1,050,000
- (D) \$1,050,000 but less than \$1,100,000
- (E) \$1,100,000 or more

2015

Data for Question 14 (3 points)

Type of plan: Multiemployer.

Plan effective date: 1/1/2007.

Actuarial cost method: Attained age normal.

Valuation interest rate: 6.0%.

Initial liability under unit credit method: \$70,000.

Initial liability under entry age normal method: \$80,000.

Selected information as of 1/1/2016:

Actuarial (market) value of assets	\$350,000
Present value of future benefits	815,000
Present value of expected 2016 compensation	175,000
Present value of expected future compensation	2,000,000
Normal cost	40,000

There have been no other amortization bases established since 1/1/2007.

Question 14

In what range is the credit balance as of 12/31/2015?

- (A) Less than \$40,000
- (B) \$40,000 but less than \$55,000
- (C) \$55,000 but less than \$70,000
- (D) \$70,000 but less than \$85,000
- (E) \$85,000 or more

2015

Data for Question 20 (4 points)

Type of plan: Multiemployer.

Credit balance as of 12/31/2015: \$1,350,000.

Valuation interest rate: 6.25%.

Selected information as of 1/1/2016:

Market value of assets	\$5,700,000
Actuarial value of assets	5,575,000
Actuarial accrued liability	10,300,000
Normal cost	150,000
Experience gain during 2015	95,000

Amortization information as of 1/1/2016 (excluding new 1/1/2016 amortization base):

Outstanding balance of amortization charges	\$7,490,000
Amortization charges	1,030,000
Outstanding balance of amortization credits	1,320,000
Amortization credits	150,000

A contribution of \$600,000 is paid on 9/1/2016 for the 2016 plan year.

Question 20

In what range is the credit balance as of 12/31/2016?

- (A) Less than \$932,500
- (B) \$932,500 but less than \$942,500
- (C) \$942,500 but less than \$952,500
- (D) \$952,500 but less than \$962,500
- (E) \$962,500 or more

2015

Data for Question 27 (3 points)

Type of plan: Multiemployer.

Valuation date: 1/1/2016.

Actuarial cost method: Entry age normal.

Valuation interest rate: 7.0%.

Credit balance as of 12/31/2015: \$19,000.

Selected valuation results at 1/1/2016:

Normal cost	\$26,000
Amortization charges	75,000
Amortization credits	40,000

Employer contributions for 2016 plan year:

<u>Date</u>	<u>Amount</u>
9/1/2016	\$51,000
1/15/2017	20,000

Question 27

In what range is the credit balance as of 12/31/2016?

- (A) Less than \$23,000
- (B) \$23,000 but less than \$25,000
- (C) \$25,000 but less than \$27,000
- (D) \$27,000 but less than \$29,000
- (E) \$29,000 or more

2015

Data for Question 35 (4 points)

Type of plan: Multiemployer.

Plan effective date: 1/1/1970.

Actuarial cost method: Unit credit.

Valuation date: 1/1/2016

Valuation interest rate: 8.0%.

Credit balance as of 12/31/2015: \$50,000.

Selected information as of 1/1/2016:

Market value of assets	\$2,590,000
Actuarial value of assets	3,090,000
Accrued liability	3,720,000
Normal cost	40,000

Amortization information as of 1/1/2016, not including an experience loss of \$80,000 for the plan during 2015:

	<u>Outstanding balance</u>	<u>Amortization amount</u>
Charge bases	\$1,650,000	\$160,000
Credit bases	1,050,000	100,000

A single contribution of \$X is made on 1/1/2016 in the smallest amount that satisfies the minimum funding standard.

Question 35

In what range is \$X?

- (A) Less than \$57,000
- (B) \$57,000 but less than \$59,000
- (C) \$59,000 but less than \$61,000
- (D) \$61,000 but less than \$63,000
- (E) \$63,000 or more

2015

Data for Question 38 (3 points)

Type of plan: Multiemployer.

Actuarial cost method: Entry age normal.

Valuation interest rate: 6.0%.

Credit balance as of 12/31/2015: \$500,000.

Normal cost for the 2016 plan year as of 1/1/2016: \$300,000.

Total amortization payments as of 1/1/2016 for all funding standard account bases established prior to 1/1/2016:

Charge base amortization payment total	\$30,000
Credit base amortization payment total	5,000

There was an experience gain of \$110,000 during 2015.

There are no contributions for the 2016 plan year.

Question 38

In what range is the 12/31/2016 credit balance?

- (A) Less than \$165,000
- (B) \$165,000 but less than \$175,000
- (C) \$175,000 but less than \$185,000
- (D) \$185,000 but less than \$195,000
- (E) \$195,000 or more

2015

Data for Question 43 (1 point)

A multiemployer plan receives a payment for an employer's withdrawal liability.

Consider the following statement:

For purposes of the plan's funding standard account, this amount is not considered an employer contribution.

Question 43

Is the above statement true or false?

- (A) True
- (B) False

2015

Data for Question 47 (4 points)

Type of plan: Multiemployer.

Valuation date: 1/1/2016.

Actuarial cost method: Unit credit.

Credit balance as of 12/31/2014: \$50,000.

Valuation interest rate: 7.5%.

Normal cost as of 1/1/2015: \$500,000.

Combined charge base excluding 2014 experience:

<u>Years remaining</u>	<u>Amortization amount</u>
8	\$200,000

There are no credit bases.

Amortization amount for experience loss during 2014: \$80,000

The sole contribution for the 2015 plan year, made on 12/31/2015: \$50,000.

A funding waiver for 2015 was granted to avoid any funding deficiency.

Selected information as of 1/1/2016:

Normal cost	\$475,000
Experience loss during 2015	50,000

\$X is the **smallest amount that satisfies the minimum funding standard** as of 1/1/2016.

Question 47

In what range is \$X?

- (A) Less than \$550,000
- (B) \$550,000 but less than \$700,000
- (C) \$700,000 but less than \$850,000
- (D) \$850,000 but less than \$1,000,000
- (E) \$1,000,000 or more

2015

Data for Question 52 (2 points)

Type of plan: Multiemployer.

The plan sponsor received a five-year automatic extension in 2011. The sponsor has not requested any other extensions.

The plan sponsor submits an application for an IRC section 431(d) amortization extension to the Secretary of the Treasury in 2016. The 2016 request is to extend the previously granted extension by 5 years.

ASSERTION	REASON
The plan sponsor can receive the requested additional five-year extension for the period of time specified in the application.	A plan sponsor can receive an additional extension that, coupled with the extension already earned, will not exceed 15 years.

Question 52

Which of the following statements is true?

- (A) Both the assertion and the reason are true statements, and the reason is a correct explanation of the assertion
- (B) Both the assertion and the reason are true statements, but the reason is NOT a correct explanation of the assertion
- (C) The assertion is a true statement, but the reason is a false statement
- (D) The assertion is a false statement, but the reason is a true statement
- (E) Both the assertion and reason are false statements

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