

1998

Data for Question 11

Plan effective date: 1/1/98.

Funding medium: Individual ordinary life insurance policy and a side fund.

Amount of life insurance: 75 times expected monthly pension benefit.

Cash value per \$1,000 at age 65 of insurance policy: \$350.

Actuarial cost method: Individual level premium.

Normal retirement benefit: 40% of final 3 year average salary.

Actuarial assumptions for side fund:

Interest rate: 7% per year.

Pre-retirement decrements: None.

Salary increases: None.

Retirement age: 65.

Data for sole participant:

Date of birth: 1/1/57

Date of hire: 1/1/97

1997 compensation: \$54,000

Selected annuity value:

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

Question 11

In what range is the normal cost for the side fund for 1998 as of 1/1/98?

- (A) Less than \$1,000
- (B) \$1,000 but less than \$1,450
- (C) \$1,450 but less than \$1,900
- (D) \$1,900 but less than \$2,350
- (E) \$2,350 or more

1986

Data for Question No. 13

Plan effective date: 1/1/85

Actuarial cost method: Individual level premium (split-funded). The total normal cost is equal to the side-fund normal cost plus life insurance premiums.

Normal retirement benefit: 60% of final year's salary.

Death benefit: 50 times the projected monthly normal retirement benefit, provided by whole life insurance.

Actuarial assumptions for the side fund:

Interest: 8%.

Salary increases: None.

Pre-retirement deaths and terminations: None.

Retirement age: 65.

Data for sole participant:

Date of birth: 1/1/50.

1/1/85 monthly salary: \$3,000.

1/1/86 monthly salary: \$3,300.

Insurance policy data:

| Issue Age | Premium per \$1,000 | Cash Value at 65 per \$1,000 |
|--------------|---------------------------|------------------------------------|
| 35 | \$30 | \$500 |
| 36 | \$32 | \$450 |

$${}_{65}^{12a}(12) = 100$$

Question No. 13

In what range is the excess of the total normal cost for 1986 as of 1/1/86 over the total normal cost for 1985 as of 1/1/85 ?

- (A) Less than \$100
- (B) \$100 but less than \$200
- (C) \$200 but less than \$300
- (D) \$300 but less than \$400
- (E) \$400 or more