

2005

Data for Question 6 (4 points)

Valuation interest rate: 7% per year.

Actuarial value of assets:

Smoothed market value with a 3-year smoothing period as defined in Rev. Proc. 2000-40 without phase-in (smoothing of difference between expected and actual market value of assets).

Reconciliation of market value of assets:

	<u>2002</u>	<u>2003</u>	<u>2004</u>
Market value of assets as of 1/1	\$5,000,000	\$4,100,000	\$3,600,000
Contributions	200,000	300,000	400,000
Benefit payments	300,000	300,000	300,000
Investment return	(800,000)	(500,000)	800,000
Market value of assets as of 12/31	4,100,000	3,600,000	4,500,000

Contributions and benefit payments are all made on 7/1 each plan year.

Question 6

In what range is the absolute value of the actuarial (gain)/loss during 2004 on the actuarial value of assets?

- (A) Less than \$200,000
- (B) \$200,000 but less than \$400,000
- (C) \$400,000 but less than \$600,000
- (D) \$600,000 but less than \$800,000
- (E) \$800,000 or more

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2006

Data for Question 3 (4 points)

Plan effective date: 1/1/1990.

Valuation interest rate: 7% per year.

Actuarial value of assets: Approval 15 of Rev. Proc. 2000-40 with five-year smoothing (Market value of assets adjusted by a decreasing fraction of the (gain)/loss in market value for each of the preceding four years).

Historical excess of expected over actual market value of assets:

(Gain)/loss during 2004	\$75,000
(Gain)/loss during 2003	34,000
(Gain)/loss during 2002	45,000

Reconciliation of market value of assets during 2005:

Market value of assets as of 1/1/2005	\$355,000
Contributions	15,000
Benefit payments	(10,000)
Investment return	<u>(15,000)</u>
Market value of assets as of 12/31/2005	\$345,000

Contributions and benefit payments were assumed to be made 7/1/2005.

Question 3

In what range is the actuarial value of assets at 1/1/2006?

- (A) Less than \$390,000
- (B) \$390,000 but less than \$400,000
- (C) \$400,000 but less than \$410,000
- (D) \$410,000 but less than \$420,000
- (E) \$420,000 or more

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2006

Data for Question 30 (3 points)

Valuation interest rate: 7% per year.

Market value of assets as of 1/1/2005: \$2,750,000.

Actuarial value of assets as of 1/1/2005: \$2,775,000.

Contributions for 2005 plan year: \$0.

Benefit payments for 2005 with interest as of 12/31/2005: \$50,000.

Market value of assets as of 1/1/2006: \$2,900,000.

Asset method: Approval 15 of Rev. Proc. 2000-40 with four-year smoothing (Market value of assets adjusted by a decreasing fraction of the (gain)/loss in market value for each of the preceding three years).

Actual gains and losses with respect to market value of assets:

(Gain)/loss during 2004	\$(25,000)
(Gain)/loss during 2003	50,000

Question 30

In what range is the absolute value of the actuarial (gain) or loss due to asset experience during 2005?

- (A) Less than \$5,000
- (B) \$5,000 but less than \$10,000
- (C) \$10,000 but less than \$15,000
- (D) \$15,000 but less than \$20,000
- (E) \$20,000 or more

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