Data for Question 15

Plan effective date: 1/1/78.

Plan termination date: 10/1/91.

Actuarial cost method: Frozen initial liability.

Assumed interest rate: 8%.

Credit balance in funding standard account as of 12/31/90: $15,000.

Selected valuation results (without regard to plan termination) as of 1/1/91:

Normal cost as of 1/1	$ 25,000
Unfunded liability	450,000

Contribution for 1991: $10,000 paid on 7/1/91.

Question 15

In what range is the amount of the initial excise tax for failure to meet minimum funding standards for 1991?

(A) Less than $2,250

(B) $2,250 but less than $2,700

(C) $2,700 but less than $3,150

(D) $3,150 but less than $3,600

(E) $3,600 or more

Data for Question 6 (2 points)

Consider the following descriptions for determining the actuarial value of assets of a pension plan. For each description, the actuarial value of assets is adjusted when necessary to be between 80% and 120% of current fair market value.

I. 60% of the current year fair market value plus 40% of the previous year actuarial value, adjusted for contributions and payments from the plan during the previous year.

II. The fair market value of the assets at the prior valuation date plus contributions less disbursements of the prior year, adjusted for interest at the valuation interest rate.

III. The current year fair market value of assets less 2/3 of the prior year capital appreciation and less 1/3 of the capital appreciation in the year before the prior year.

Question 6

Which, if any, of the above asset valuation methods are considered reasonable pursuant to IRC section 412 and regulations thereunder?

(A) None

(B) I and II only

(C) I and III only

(D) II and III only

(E) The correct answer is not given by (A), (B), (C), or (D) above.

Data for Question 24 (4 points)

Type of plan: Collectively bargained single employer plan with annual bargaining agreements commencing January 1 of each year.

Plan effective date: 1/1/2000.

Actuarial cost method: Entry age normal with shortfall.

Valuation interest rate: 7% per year.

Selected valuation results as of:

	1/1/2000	1/1/2001
Normal cost	\$30,000	\$36,000
Unfunded actuarial liability	300,000	315,000
Estimated base units	10,000	12,000

Actual base units in 2000 and 2001: 10,000 each year.

Credit balance in the funding standard account as of 12/31/2000: \$3,600.

Question 24

In what range is the 2001 shortfall loss as of 12/31/2001?

(A) Less than \$10,400

(B) \$10,400 but less than \$10,700

(C) \$10,700 but less than \$11,000

(D) \$11,000 but less than \$11,300

(E) \$11,300 or more

Data for Question 1 (1 point)

Consider the following statement:

Every collectively bargained plan can use the shortfall funding method.

Question 1

Is the above statement true or false?

(A) True

(B) False