

Data for Question 43 (4 points)

Normal retirement benefit: The sum of 1.0% of final 3-year average compensation for each year of service, plus X% of final 3-year average compensation in excess of Social Security Covered Compensation for each year of service up to 35 years.

Earliest retirement age: 60

Early retirement reduction: 5/9 of 1% for each month by which the benefit commencement date precedes the normal retirement date.

Normal form of payment: Life annuity with 5 years certain.

Plan factor to convert benefit from a life annuity with 5 years certain to a life annuity: 102%

Unadjusted permitted disparity factors in the regulations for IRC section 401(l) for different Social Security Retirement Ages (SSRA).

<u>Age</u>	<u>SSRA 65</u>	<u>SSRA 66</u>	<u>SSRA 67</u>
67	-	-	.750
66	-	.750	.700
65	.750	.700	.650
64	.700	.650	.600
63	.650	.600	.550
62	.600	.550	.500
61	.550	.500	.475
60	.500	.475	.450

Question 43

In what range is the maximum permitted value of X% which will meet the requirements of IRC section 401(l)?

- (A) Less than 0.60%
- (B) 0.60% but less than 0.62%
- (C) 0.62% but less than 0.64%
- (D) 0.64% but less than 0.66%
- (E) 0.66% or more

Data for Question 34 (3 points)

A company sponsors a defined contribution (DC) plan and a defined benefit (DB) plan. The employer has never sponsored any other plans.

The DC plan provides allocations of 5% of pay up to the taxable wage base plus 8% of pay in excess of the taxable wage base.

The DB plan provides a unit accrual benefit of 1% of average compensation plus X% of average compensation in excess of covered compensation, with a maximum of 40 years of service. Unreduced benefits commence at age 62.

Question 34

In what range is the maximum permitted value of X that would allow both plans to be safe harbor plans under IRC regulation 1.401(a)(4)?

- (A) Less than 0.155%
- (B) 0.155% but less than 0.180%
- (C) 0.180% but less than 0.205%
- (D) 0.205% but less than 0.230%
- (E) 0.230% or more