

1992

Data for Question 5

Consider the following benefit formulas:

- I. 1.00% of compensation for each of the first 10 years of service, plus 1.50% of compensation for each of the next 10 years of service.
- II. 1.00% of compensation for each of the first 15 years of service, plus 1.50% of compensation for each of the next 15 years of service.
- III. 0.75% of compensation for each of the first 20 years of service, plus 1.00% of compensation for each of the next 20 years of service.

Question 5

Which, if any, of these benefit formulas comply with at least one of ERISA's accrued benefit rules?

- (A) I and II only
- (B) I and III only
- (C) II and III only
- (D) I, II, and III
- (E) The correct answer is not given by (A), (B), (C), or (D) above.

2015

Data for Question 2 (1 point)

An employer provides a 204(h) notice to all 22,000 active participants 45 days prior to the effective date of an amendment. A mail room clerk inadvertently misplaces a stack of 100 notices. The notices are found 15 days later and immediately placed in the mail.

Consider the following statement:

An excise tax under IRC Section 4980F is imposed for late mailing of the misplaced notices.

Question 2

Is the above statement true or false?

- (A) True
- (B) False

2015

Data for Question 16 (3 points)

Normal retirement benefit: \$20 per month per year of service.
Mandatory employee contributions: 5% of compensation, paid on 12/31 each year.

Selected data for Smith:

Date of birth	1/1/1949
Date of hire	1/1/2011
2011 compensation	\$30,000
2012 compensation	35,000
2013 compensation	40,000
1/1/2014 vested percentage	80%

Selected values:

Year	120% of Federal mid-term rate	417(e) rates	$\ddot{a}_{65}^{(12)}$
2011	2.34%	{5.01%, 5.07%, 6.10%}	12.14
2012	1.40%	{4.07%, 4.45%, 5.24%}	
2013	1.04%	{5.02%, 3.57%, 4.77%}	
2014	2.10%	{3.24%, 4.42%, 5.40%}	

Question 16

In what range was the employee-derived portion of Smith's monthly annuity payable at 1/1/2014?

- (A) Less than \$34.50
- (B) \$34.50 but less than \$35.50
- (C) \$35.50 but less than \$36.50
- (D) \$36.50 but less than \$37.50
- (E) \$37.50 or more

Data for Question 19 (2 points)

Consider the following plans:

- Plan I: The normal retirement benefit equals 25% of final average compensation reduced pro rata for each year of participation at normal retirement less than 25 years. A participant's accrued benefit equals the employee's fractional rule benefit multiplied by a fraction, the numerator of which is the employee's current years of participation, and the denominator of which is the employee's projected years of participation at normal retirement age.
- Plan II: The accrued benefit equals 1.40% of compensation for each of the first 10 years of service, 1.70% of compensation for each of the next 10 years of service, and 2.00% of compensation for each year of service over 20.
- Plan III: The normal retirement age is the earlier of (a) age 62 and the completion of 10 years of service or (b) the later of age 65 and the 5th anniversary of participation.

Question 19

Based on the information provided, which, if any, of the above plans could be a safe harbor under IRC section 401(a)(4)?

- (A) Plan I only
- (B) Plan II only
- (C) Plan III only
- (D) Plans I, II, and III
- (E) The correct answer is not given by (A), (B), (C), or (D) above.

2015

Data for Question 23 (3 points)

Plan effective date: 1/1/1998.

The plan uses the most restrictive graded vesting schedule and rules that the law allows.

Benefit service: One year of service for any year with 1,000 hours or more.

Benefit formula: \$50 per month for each year of benefit service.

Benefit service is earned beginning on the date of participation and is not forfeited as long as the participant remains an employee.

Selected data for participant Smith:

Date of birth	1/1/1985
Date of hire	1/1/2000
Date of participation	1/1/2003

<u>Year</u>	<u>Hours worked</u>	<u>Year</u>	<u>Hours worked</u>
2000	1,800	2008	450
2001	1,800	2009	450
2002	1,800	2010	1,700
2003	1,800	2011	1,700
2004	1,500	2012	1,700
2005	450	2013	1,700
2006	450	2014	1,700
2007	450	2015	900

Question 23

In what range is Smith's vested monthly accrued benefit on 12/31/2015?

- (A) Less than \$170
- (B) \$170 but less than \$270
- (C) \$270 but less than \$370
- (D) \$370 but less than \$470
- (E) \$470 or more

Data for Question 26 (2 points)

Consider the following statements regarding an amendment reducing future benefit accruals:

- I. Single employer pension plans with fewer than 100 participants are not required to provide a 204(h) notice.
- II. The deadline for providing a 204(h) notice is 15 days before the effective date of the amendment for a single employer pension plan with more than 100 participants.
- III. If the plan is collectively bargained, a 204(h) notice is not required.

Question 26

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.

2016

Data for Question 19 (3 points)

Plan effective date: 1/1/2008.

Type of plan: Applicable defined benefit plan (cash balance).

Vesting service: Plan years in which the employee works at least 1,000 hours.

Normal retirement age: 62.

The plan has the most restrictive method allowed under IRC section 411 for determining vesting.

The employees shown below were originally hired on 1/1/2011.

No employee has left service under the terms recognized under the special rule for paternity and maternity absences.

	Employee 1	Employee 2	Employee 3	Employee 4
Age at hire	18	25	16	60
2011 hours	1,901	1,956	1,325	1,254
2012 hours	1,850	0	700	565
2013 hours	1,251	1,210	1,743	779
2014 hours	1,801	355	943	1,645
2015 hours	1,583	1,479	1,100	560

Question 19

How many of the employees listed above are vested by 1/1/2016?

- (A) 0
- (B) 1
- (C) 2
- (D) 3
- (E) 4

2016

Data for Question 29 (3 points)

Selected plan provisions:

Plan effective date	1/1/2000
Vesting service	Plan years with at least 1,000 hours worked
Vesting schedule	7-year graded schedule

The plan has the most restrictive method allowed under IRC section 411 for determining vesting service.

Data for participant Smith:

Date of birth	1/1/1985
Date of hire	1/1/2002

Employment history for participant Smith:

<u>Plan year</u>	<u>Hours</u>	<u>Plan year</u>	<u>Hours</u>
2002	1,600	2009	1,100
2003	1,200	2010	1,450
2004	1,350	2011	1,200
2005	400	2012	1,600
2006	0	2013	750
2007	0	2014	475
2008	950	2015	1,500

X = Smith's years of vesting service as of 12/31/2008.

Y = Smith's years of vesting service as of 12/31/2015.

Question 29

In what range is $X + Y$?

- (A) Less than 7
- (B) 7 or 8
- (C) 9 or 10
- (D) 11 or 12
- (E) 13 or more

2016

Data for Question 41 (5 points)

Plan effective date: 1/1/1970.

Normal retirement benefit: \$75 dollars per month per year of service.

Pre-retirement death benefit: Present value of accrued benefit.

Actuarial equivalence:

Interest rate	5% per year
Pre-retirement decrements	None

Data for participants Smith and Jones:

	<u>Smith</u>	<u>Jones</u>
Date of birth	1/1/1949	1/1/1950
Date of hire	1/1/2005	1/1/1996
Date of retirement	1/1/2016	1/1/2016

Neither Smith nor Jones received any benefit before their respective dates of retirement.

Selected annuity factors, using actuarial equivalence assumptions:

$$\ddot{a}_{65} = 9.54$$

$$\ddot{a}_{66} = 9.23$$

$$\ddot{a}_{67} = 8.92$$

Neither Smith nor Jones received a suspension of benefits notice.

The plan provides for continued accruals after normal retirement date to be offset by actuarial increases on a year-by-year basis.

X = the smallest monthly benefit that could be payable to Smith as of 1/1/2016.

Y = the smallest monthly benefit that could be payable to Jones as of 1/1/2016.

Question 41

In what range is $|X - Y|$?

- (A) Less than \$690
- (B) \$690 but less than \$730
- (C) \$730 but less than \$770
- (D) \$770 but less than \$810
- (E) \$810 or more

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