

1999

Data for Question 33 (4 points)

Data for sponsor of two defined benefit pension plans:

	<u>PLAN A</u>		<u>PLAN B</u>	
	<u>HCE</u>	<u>NHCE</u>	<u>HCE</u>	<u>NHCE</u>
Total employees	50	8,350	250	2,650
Employees excludable due to minimum age and service provisions	5	1,050	20	350
Total employees benefiting under the plan	40	5,500	200	1,750
Collectively bargained employees benefiting under the plan	0	5,000	0	0
Normal accrual rate determined for each plan participant	1.6%	2.0%	1.5%	1.8%

No employee benefits under more than one plan.

The age and service eligibility provisions are identical for both plans.

The plan sponsor elects not to aggregate the plans and not to impute permitted disparity for testing under IRC sections 410(b) and 401(a)(4).

Consider the following statements regarding minimum coverage testing under IRC section 410(b) for Plan B:

- I. The ratio percentage exceeds 50%.
- II. The nonhighly compensated employee concentration percentage exceeds 95%.
- III. The average benefit percentage test result is between 65% and 70%.

Question 33

Which, if any, of the above statements is (are) true?

- (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.

2000

Data for Question 1 (1 point)

Consider the following statement:

When performing an average benefit percentage test for an employer sponsoring multiple plans with differing plan years, employee benefit percentages under each plan are to be determined on the basis of plan years beginning in the same calendar year.

Question 1

Is the above statement true or false?

- (A) True
- (B) False

2000

Data for Question 7 (1 point)

Employer A is owned equally by Smith and Jones. Smith and Jones are the only employees of Employer A.

Consider the following statement:

Employer A can adopt a qualified defined benefit plan that covers only highly compensated employee Smith.

Question 7

Is the above statement true or false?

- (A) True
- (B) False

Data for Question 9 (1 point)

Consider the following statement:

Two defined benefit plans, maintained by the same employer, may not be permissively aggregated to demonstrate compliance with nondiscriminatory coverage requirements under IRC section 410(b) if they have different plan years.

Question 9

Is the above statement true or false?

- (A) True
- (B) False

2000

Data for Question 23 (4 points)

Plan effective date: 1/1/1985.

Normal retirement benefit: \$200 per year of service with a maximum of 10 years.

Service credits: One year of service for each year a participant completes 1000 hours.

Data for all employees for 2000 plan year:

	<u>Date of Hire</u>	<u>Date of Termination</u>	<u>Hours Worked</u>
HCE 1	1/1/1985		2000
HCE 2	1/1/1990		2000
HCE 3	1/1/1995		2000
NHCE 1	1/1/1990		2000
NHCE 2	1/1/1990		2000
NHCE 3	1/1/1990		2000
NHCE 4	1/1/1990	3/1/2000	400
NHCE 5	1/1/1990	8/1/2000	1100
NHCE 6	1/1/1995	5/1/2000	600
NHCE 7	1/1/1995		2000
NHCE 8	1/1/1995		400
NHCE 9	1/1/1999		800
NHCE 10	8/1/2000	11/1/2000	400

The plan is not permissively aggregated or disaggregated for the purpose of testing coverage.

Question 23

In what range is the ratio percentage for the coverage testing under IRC section 410(b) for the 2000 plan year?

- (A) Less than 60%
- (B) 60% but less than 70%
- (C) 70% but less than 80%
- (D) 80% but less than 90%
- (E) 90% or more

2015

Data for Question 4 (3 points)

A company maintains Plan A for its employees in Location A, Plan B for its employees in Location B, Plan C for its employees in Location C, and Plan D for its employees in Location D. All four plans provide meaningful benefit accruals to all participants.

Location C is treated as being in a qualified separate line of business for purposes of IRC section 401(a)(26) testing.

Consider the following data for all non-excludable employees of the company during 2014:

	<u>Total</u>		<u>Benefiting</u>	
	<u>HCE</u>	<u>NHCE</u>	<u>HCE</u>	<u>NHCE</u>
Plan A	5	110	5	60
Plan B	10	60	10	35
Plan C	5	100	5	35
Plan D	50	90	0	40

Question 4

How many plans satisfy the participation requirements of IRC section 401(a)(26)?

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

2015

Data for Question 11 (2 points)

An employer sponsors three plans: Plan A covers employees in Division A, Plan B covers employees in Division B, and Plan C covers employees in Division C.

Selected data:

<u>Plan</u>	<u>Eligibility</u>			
A	Immediate			
B	Age 18 and 1 year of service			
C	Age 21 and 6 months of service			
		<u>Division A</u>	<u>Division B</u>	<u>Division C</u>
Eligible employees		60	35	50
Employees not yet eligible		0	3	7

The plan sponsor aggregates Plans A, B, and C for purposes of the coverage requirements under IRC section 410(b).

Question 11

In what range is the number of non-excludable employees?

- (A) Fewer than 145
- (B) 145 but fewer than 148
- (C) 148 but fewer than 151
- (D) 151 but fewer than 154
- (E) 154 or greater

2016

Data for Question 5 (1 point)

A plan covers 65% of non-excludable employees throughout 2015. All employees of the plan sponsor were HCEs.

Consider the following statement:

The plan meets the coverage requirements of IRC section 410(b) during 2015.

Question 5

Is the above statement true or false?

(A) True

(B) False

2016

Data for Question 21 (3 points)

An employer maintains separate plans for each of its three divisions.

None of these plans are aggregated with any other plan for any purpose.

Accrual rates for all participants:

Employee	Division I (Plan I)	Division II (Plan II)	Division III (Plan III)
HCE 1	4.20%		
HCE 2	4.20%		
HCE 3		Excluded	
HCE 4			4.20%
NHCE 1	See note *		
NHCE 2	See note *		
NHCE 3		3.10%	
NHCE 4			5.00%
NHCE 5			5.00%
NHCE 6			5.00%

* Less than meaningful benefits

Question 21

Which, if any, plan(s) comply with the minimum participation requirements?

- (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 27 (3 points)

An employer sponsors two plans that are aggregated for IRC section 410(b) testing.

Plan A covers salaried employees; Plan B covers hourly employees.

Plan eligibility requirements:

	Salaried plan	Hourly plan
Age	21 years of age	18 years of age
Service	1 year of service	6 months of service

Selected employee data for 2016 plan year:

Number of employees		Salaried plan		Hourly plan	
Service	Age	HCEs	NHCEs	HCEs	NHCEs
Under 6 months	Under age 18	5	30	1	250
At least 6 months, but less than 1 year	At least age 18 but less than age 21	1	70	2	100
At least 6 months, but less than 1 year	At least age 21	10	10	5	25
At least 1 year	At least age 18 but less than age 21	50	80	6	100
Not covered, but otherwise non- excludable		5	20	5	15

X = the total number of non-excludable employees from the selected employees.

Question 27

In what range is X ?

- (A) Less than 200
- (B) 200 but less than 300
- (C) 300 but less than 400
- (D) 400 but less than 500
- (E) 500 or more