

1992

Data for Question 20

Plan effective date: 1/1/87.

Plan termination date: 12/31/92.

Date of distribution of assets: 12/31/92.

Normal retirement benefit:

Effective 1/1/87: \$65 per month for each year of service.

Effective 1/1/90: \$100 per month for each year of service.

Early retirement benefit: None.

Market value of assets of 12/31/92: \$75,000.

Data for only participants as of 12/31/92:

	<u>Smith</u>	<u>Brown</u>
Date of birth	1/1/34	1/1/38
Date of hire	1/1/87	1/1/88
Vested status	100%	80%
Marital status	Single	Single
Ownership	80%	None

Selected annuity values on a termination basis:

$$6|\ddot{a}_{59}^{(12)} = 7.3 \quad 10|\ddot{a}_{55}^{(12)} = 5.4$$

Question 20

In what range are the assets allocated to Brown under ERISA section 4044?

- (A) Less than \$25,000
- (B) \$25,000 but less than \$27,000
- (C) \$27,000 but less than \$29,000
- (D) \$29,000 but less than \$31,000
- (E) \$31,000 or more

1994

Data for Question 29

Plan effective date: 1/1/80.

Type of plan: Contributory.

Date of plan termination: 12/31/93.

Date of distribution of assets: 12/31/94.

The plan provides for a reversion of residual assets to the plan sponsor upon plan termination.

Upon plan termination, the portion of residual assets attributable to employee contributions is determined under ERISA section 4044.

There is no replacement plan after the plan termination.

Smith, Brown, Green, and Jones are the only participants ever covered under the plan.

Smith and Brown each received a lump sum distribution equal to the present value of his total benefit on a termination basis as of 10/1/90 and 3/31/92, respectively.

Market value of assets as of 12/31/94: \$325,750.

Present value of accrued benefits on a termination basis:

ERISA Section 4044 Priority Category	As of <u>10/1/90</u> <u>Smith</u>	As of <u>3/31/92</u> <u>Brown</u>	As of <u>12/31/94</u> <u>Green</u>	As of <u>12/31/94</u> <u>Jones</u>
1	\$ 0	\$ 2,000	\$ 5,000	\$ 0
2	5,000	25,000	25,000	20,000
3-6	<u>55,000</u>	<u>60,000</u>	<u>75,000</u>	<u>100,000</u>
Total	60,000	87,000	105,000	120,000

Green and Jones each will receive a lump sum distribution equal to the present value of his total benefit on a termination basis.

Question 29

In what range is the excise tax on the reversion to the plan sponsor?

- (A) Less than \$38,000
- (B) \$38,000 but less than \$39,000
- (C) \$39,000 but less than \$40,000
- (D) \$40,000 but less than \$41,000
- (E) \$41,000 or more

2015

Data for Question 1 (1 point)

A plan uses a smoothing method to determine the actuarial value of assets for the minimum required contribution.

Consider the following statement:

The same actuarial value of assets must be used to determine the PBGC Variable-rate Premium.

Question 1

Is the above statement true or false?

(A) True

(B) False

2015

Data for Question 5 (3 points)

Selected information as of 1/1/2014:

Funding target using stabilized segment rates	\$6,800,000
Funding target not using stabilized segment rates	7,300,000
Benefit liability based on PBGC assumptions under ERISA section 4044	8,465,000
Market value of assets	4,200,000
Actuarial value of assets	4,620,000
Funding standard carryover balance	90,000
Prefunding balance	620,000

Question 5

In what range is the ERISA section 4010 FTAP for the 2014 information year?

- (A) Less than 40%
- (B) 40% but less than 45%
- (C) 45% but less than 50%
- (D) 50% but less than 55%
- (E) 55% or more

Data for Question 6 (2 points)

Consider the following statements with regard to missing participants of a plan undergoing a standard termination:

- I. If the only benefit options available under a plan are annuities, the plan must purchase an annuity for a missing participant.
- II. If the plan makes a payment to PBGC in order to provide for a lump sum for a missing participant, the amount of the payment is the amount the participant would receive as a lump sum payment if the participant was not missing, as of the deemed distribution date.
- III. If the plan makes a payment to PBGC in order to provide for a lump sum for a missing participant, the plan must automatically pay the 20% withholding amount to the IRS, if the gross lump sum amount is at least \$200.

Question 6

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.

2015

Data for Question 8 (1 point)

In connection with a standard plan termination, all annuity providers reviewed by a fiduciary received high ratings from the insurance rating services.

Consider the following statement:

The fiduciary standards with respect to the selection of annuity providers have been satisfied based on the ratings received.

Question 8

Is the above statement true or false?

- (A) True
- (B) False

2015

Data for Question 9 (1 point)

The Alternative Premium Funding Target is being used to determine the 2015 PBGC Variable-rate Premium.

Consider the following statement:

The Alternative Premium Funding Target for 2015 is determined using the stabilized segment rates.

Question 9

Is the above statement true or false?

(A) True

(B) False

2015

Data for Question 10 (2 points)

Selected information as of 1/1/2015:

Number of participants	700
Funding target using stabilized rates	\$142,000,000
Funding target not using stabilized rates	155,000,000
Funding standard carryover balance	0
Prefunding balance	1,000,000

The plan has never had a late quarterly contribution and has always received its minimum required contributions on a timely basis.

$X$  = the minimum value of assets such that PBGC reporting would not be required under ERISA section 4010 for the 2015 plan year.

Question 10

In what range is  $X$ ?

- (A) Less than \$124,500,000
- (B) \$124,500,000 but less than \$125,500,000
- (C) \$125,500,000 but less than \$126,500,000
- (D) \$126,500,000 but less than \$127,500,000
- (E) \$127,500,000 or more



# 2015

## Data for Question 15 (4 points)

Selected data as of 12/31/2014:

Vested active participants	15
Non-vested active participants	4
Non-participating employees	1
Retirees	4
Beneficiaries	0
Alternate payees of deceased participants	1

There have been no terminations during 2014.

Selected data as of 1/1/2015:

Market value of assets	\$415,000
Actuarial value of assets	430,000
Standard premium funding target	
Vested benefits	540,000
Non-vested benefits	90,000

## Question 15

In what range is the total 2015 PBGC premium for this plan?

- (A) Less than \$4,000
- (B) \$4,000 but less than \$4,100
- (C) \$4,100 but less than \$4,200
- (D) \$4,200 but less than \$4,300
- (E) \$4,300 or more

2015

Data for Question 18 (1 point)

A plan sponsor is a member of a controlled group. The sponsor commences bankruptcy proceedings in 2015. All members of the controlled group are U.S. based entities.

Consider the following statement:

A PBGC Form 10 (“Post-Event Notice of Reportable Events”) must be filed as a result of the bankruptcy proceedings.

Question 18

Is the above statement true or false?

- (A) True
- (B) False

2015

Data for Question 31 (1 point)

Consider the following statement:

Benefit payments may not commence to any participant during the 60-day PBGC review period for a standard termination.

Question 31

Is the above statement true or false?

- (A) True
- (B) False

2015

Data for Question 39 (3 points)

An employer terminates a plan that covered all members of its workforce.

At the time of plan termination, all participants are actively employed.

The plan was amended on the plan's termination date to provide a pro-rata benefit increase.

The plan transferred assets to a qualified replacement plan.

Selected data:

Plan assets prior to distribution	\$3,300,000
Benefit liabilities ignoring plan amendment	1,500,000
Benefit liability due to pro-rata benefit increase	225,000
Excise tax under IRC section 4980 payable on reversion of plan assets to the employer	215,000

$X$  = the amount of the asset transfer to the qualified replacement plan.

Question 39

In what range is  $X$ ?

- (A) Less than \$300,000
- (B) \$300,000 but less than \$600,000
- (C) \$600,000 but less than \$900,000
- (D) \$900,000 but less than \$1,200,000
- (E) \$1,200,000 or more

2015

Data for Question 45 (1 point)

A plan is exempt from having to pay the PBGC Variable-rate Premium.

Consider the following statement:

The plan's enrolled actuary does not need to certify the PBGC premium filing.

Question 45

Is the above statement true or false?

(A) True

(B) False

2016

Data for Question 2 (1 point)

An employer terminates Plan A, which covered all members of its workforce.

At the time of plan termination, all participants were actively employed.

The plan did not provide for benefit increases to participants in Plan A at termination.

The employer transferred 75% of the excess assets from Plan A to a replacement plan.

90% of the remaining active participants in the terminated plan are active participants in the replacement plan.

Consider the following statement:

For this employer, the excise tax on reversions is 50%.

Question 2

Is the above statement true or false?

(A) True

(B) False

2016

Data for Question 6 (1 point)

A plan sponsor pays all required PBGC premiums for Plan A for the 2016 plan year.

Effective 10/31/2016, Plan A spins off some of its assets and liabilities to form Plan B.

The spinoff is not *de minimis*.

Consider the following statement:

The plan sponsor owes PBGC premiums for Plan B for the 2016 plan year.

Question 6

Is the above statement true or false?

(A) True

(B) False

2016

Data for Question 7 (1 point)

Consider the following statement:

A fiduciary selecting an annuity provider for a plan termination may select a lower quote solely to avoid making additional contributions upon termination.

Question 7

Is the above statement true or false?

- (A) True
- (B) False



2016

Data for Question 10 (1 point)

A plan is in the process of a standard termination.

Smith, a 79% owner of the corporation sponsoring the pension plan, has never been married and is not a party to any qualified domestic relations orders.

Consider the following statement:

Smith may elect to forgo receipt of plan benefits to the extent necessary to enable the plan to satisfy the standard termination requirements.

Question 10

Is the above statement true or false?

(A) True

(B) False

2016

Data for Question 12 (1 point)

An active participant satisfied the plan's early retirement eligibility requirements on 1/1/2014.

The plan underwent a distress termination with a date of plan termination of 1/1/2016.

Consider the following statement:

The value of the participant's benefit is under priority category 3 of ERISA section 4044.

Question 12

Is the above statement true or false?

(A) True

(B) False

2016

Data for Question 16 (1 point)

Consider the following statement:

An enrolled actuary must certify the PBGC premium filing for a multiemployer plan.

Question 16

Is the above statement true or false?

- (A) True
- (B) False

# 2016

## Data for Question 23 (5 points)

A plan terminated on 12/31/2015.

Benefit formula: For owners, \$360 per month for each year of participation.

For non-owners, \$135 per month for each year of participation.

Early retirement eligibility: Age 62.

Early retirement reduction: 5% for each year before age 65.

Selected data for Smith and Jones:

	<u>Smith</u>	<u>Jones</u>
Date of birth	12/31/1950	12/31/1951
Date of hire	12/31/1994	12/31/2005
Date of entry	12/31/1995	12/31/2006
Percent of ownership	60%	0%
Highest average compensation		
3-year consecutive	\$200,000	\$15,000
5-year consecutive	200,000	12,000

The expected retirement age for both participants is the age at plan termination.

Selected annuity factors used by PBGC to value benefits:

$$\ddot{a}_{61} = 17.31$$

$$\ddot{a}_{62} = 16.82$$

$$\ddot{a}_{63} = 16.33$$

$$\ddot{a}_{64} = 15.84$$

$$\ddot{a}_{65} = 15.35$$

$X$  = the sum of the present values of the PBGC priority category 5 benefits for Smith and Jones at plan termination

## Question 23

In what range is  $X$ ?

- (A) Less than \$250,000
- (B) \$250,000 but less than \$310,000
- (C) \$310,000 but less than \$370,000
- (D) \$370,000 but less than \$430,000
- (E) \$430,000 or more

# 2016

## Data for Question 28 (2 points)

Selected information:

2016 required quarterly contribution	\$498,000
Stabilized rates, 1st segment rate	4.43%
Effective interest rate	6.00%
ERISA section 4044 for annuities, select rate	2.32%
PBGC Variable-rate premium, 1st segment interest rate	1.40%

The plan sponsor missed the first two quarterly payments for the 2016 plan year.

$X$  = the total unpaid contribution as of 7/15/2016 to determine whether a Form 200 must be submitted to PBGC.

## Question 28

In what range is  $X$ ?

- (A) Less than \$996,000
- (B) \$996,000 but less than \$1,000,000
- (C) \$1,000,000 but less than \$1,004,000
- (D) \$1,004,000 but less than \$1,008,000
- (E) \$1,008,000 or more

# 2016

## Data for Question 34 (3 points)

A plan sponsor filed for bankruptcy under Chapter 11 on 5/1/2015.

The plan terminates in a distress termination on 10/1/2015.

Plan valuation date: 12/31.

Participant counts as of indicated dates:

Date	Retirees	Terminated vested	Active vested	Active non-vested
12/31/2014	10	50	600	150
4/30/2015	11	55	560	145
9/30/2015	12	45	540	125

Assertion	Reason
The sum of the termination premiums payable to the PBGC is \$2,707,500.	The termination premium is based on the participant count immediately preceding the date of bankruptcy.

## Question 34

Which of the following is true?

- (A) Both the assertion and reason are true, and the reason is a correct explanation of the assertion.
- (B) Both the assertion and reason are true, but the reason is not a correct explanation of the assertion.
- (C) The assertion is true, but the reason is false.
- (D) The assertion is false, but the reason is true.
- (E) Both the assertion and reason are false.

# 2016

## Data for Question 37 (3 points)

A plan sponsor opted out of the Small Plan Lookback Rule for PBGC Variable-rate premium purposes.

Selected information as of 12/31/2015

Number of active participants	30
Number of inactive participants	5

Selected information as of 1/1/2016:

Number of active participants	30
Number of inactive participants	5
Vested funding target using stabilized segment rates	\$850,000
Vested funding target not using stabilized segment rates	1,500,000
Market value of assets	450,000
Actuarial value of assets	495,000

$X$  = the total premium due to PBGC using the alternative method for 2016.

## Question 37

In what range is  $X$ ?

- (A) Less than \$13,000
- (B) \$13,000 but less than \$18,000
- (C) \$18,000 but less than \$23,000
- (D) \$23,000 but less than \$28,000
- (E) \$28,000 or more

2016

Data for Question 42 (3 points)

A plan sponsor opted out of the Small Plan Lookback Rule for PBGC Variable-rate premium purposes.

Date of plan termination: 6/1/2016.

Date PBGC became trustee of plan: 10/31/2016.

Number of active participants at 12/31/2015: 50.

Selected information as of 1/1/2016:

Number of active participants	50
Vested funding target using stabilized segment rates	\$850,000
Vested funding target not using stabilized segment rates	1,000,000
Market value of assets	450,000
Actuarial value of assets	495,000

$X$  = the Variable-rate premium due to PBGC using the alternative method for 2016.

Question 42

In what range is  $X$ ?

- (A) Less than \$10,000
- (B) \$10,000 but less than \$13,000
- (C) \$13,000 but less than \$16,000
- (D) \$16,000 but less than \$19,000
- (E) \$19,000 or more