

1999

Data for Question 50 (4 points)

Type of plan: Defined benefit plan for sole proprietor.

Plan effective date: 1/1/1998.

Valuation date: 12/31.

Normal retirement benefit: 85% of highest 5-year average of earned income while a participant.

Actuarial cost method: Individual aggregate.

Actuarial (market) value of assets as of 12/31/1999: \$65,000.

Actuarial assumptions:

Valuation interest rate:	7% per year.
Compensation increases:	None.
Preretirement decrements:	None.
Retirement age:	65.

Data for sole participant Smith (owner employee):

Date of birth	1/1/1942
Date of hire	1/1/1995

1998 earned income (after all deductions including plan contributions): \$85,000.

1999 earned income (after all deductions other than plan contributions): \$100,000.

Selected annuity value:

$$\ddot{a}_{65}^{(12)} = 9.87$$

Credit balance in funding standard account as of 12/31/1998: \$0.

Question 50

In what range is the minimum required contribution for 1999 payable 12/31/1999?

- (A) Less than \$38,000
- (B) \$38,000 but less than \$40,000
- (C) \$40,000 but less than \$42,000
- (D) \$42,000 but less than \$44,000
- (E) \$44,000 or more

415-52

A participant elected to start receiving his pension at age 65 on 1/1/1999, even though he continued to work for the plan sponsor.

- The participant had more than 10 years of participation in the plan.
- The annual benefit payable to the participant is \$100,000 which equals 100% of the participant's high 3-year average compensation.
- The plan has a cost-of-living feature increasing pensions in pay status each year based on the increase in the CPI as used for IRC section 415 cost-of-living adjustments.
- The participant is still employed on 1/1/2000 and his high 3-year average compensation remains at \$100,000.

Consider the following statement:

The participant's pension can be increased on 1/1/2000 for the cost-of-living increases without violating IRC section 415.

Question 13

Is the above statement true or false?

- (A) True
- (B) False

2015

Data for Question 7 (4 points)

Early retirement eligibility: Age 60.

Early retirement reduction: None.

Actuarial equivalence factors using applicable mortality and 5%:

Early commencement from age 62 to age 60	0.86
Early commencement from age 65 to age 60	0.68

Selected data for Smith:

Date of birth	1/1/1955
Date of hire	1/1/2007
Date of participation	1/1/2008
Date of retirement	1/1/2015
Compensation history by year	
2007	\$135,000
2008	140,000
2009	145,000
2010	150,000
2011	155,000
2012	160,000
2013	165,000
2014	100,000

Question 7

In what range is the maximum single life annuity benefit payable to Smith upon retirement?

- (A) Less than \$108,500
- (B) \$108,500 but less than \$118,000
- (C) \$118,000 but less than \$127,500
- (D) \$127,500 but less than \$137,000
- (E) \$137,000 or more

2015

Data for Question 28 (5 points)

Normal retirement age: 60.

Normal retirement benefit: 7.5% of final 5-year average compensation for each year of service.

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

Selected data for Smith:

Date of birth	12/31/1955
Date of hire	1/1/2007
Date of participation	1/1/2008
Date of retirement	12/31/2015
Compensation for each year of employment	\$260,000
Form of benefit	Life annuity
Actuarial equivalence interest rate	8%
Actuarial equivalence mortality	Applicable mortality

Annuity factors using applicable mortality:

	$\ddot{a}_{65}^{(12)}$	
x	5%	8%
60	13.56	10.84
61	13.27	10.67
62	12.98	10.50

Question 28

In what range is Smith's retirement benefit as of 12/31/2015?

- (A) Less than \$144,000
- (B) \$144,000 but less than \$152,000
- (C) \$152,000 but less than \$160,000
- (D) \$160,000 but less than \$168,000
- (E) \$168,000 or more

2015

Data for Question 40 (1 point)

Selected data for participant Smith:

Age	65
Service	15
Average annual compensation for highest consecutive 3 years of service	\$7,500

Smith commences an annual benefit of \$8,000 payable as a straight life annuity beginning at age 65.

Consider the following statement:

Payment of this benefit to Smith does not violate IRC section 415 benefit limitations.

Question 40

Is the above statement true or false?

- (A) True
- (B) False

2016

Data for Question 3 (1 point)

Smith, a former employee of Company A, is currently an employee of Company B.

Smith has accrued benefits in the plan of each company.

Company B is and has always been a 60% subsidiary of Company A.

Consider the following statement:

The sum of Smith's annual benefits under both companies' plans is not permitted to exceed the IRC section 415(b) benefit limitations.

Question 3

Is the above statement true or false?

(A) True

(B) False

2016

Data for Question 9 (1 point)

Consider the following statement:

The IRC section 415(b) compensation limit is actuarially adjusted for a benefit commencement date after normal retirement age.

Question 9

Is the above statement true or false?

- (A) True
- (B) False

2016

Data for Question 25 (3 points)

Normal retirement age: 62.

Early retirement eligibility: Age 60 with 5 years of service.

Early retirement benefit: Unreduced accrued benefit.

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

Plan assumptions:

Interest rate	7%
Mortality	Applicable mortality under IRC section 417(e)

Selected data for Smith:

Date of birth	1/1/1956
Date of hire	1/1/2006
Date of participation	1/1/2007
Date of retirement	1/1/2016
Compensation for each year of service	\$178,000

Selected annuity factors based on the mortality table:

	Interest rate	
	<u>5.0%</u>	<u>7.0%</u>
\ddot{a}_{60}	13.25	11.08
\ddot{a}_{62}	12.68	10.68

X = Smith's annual IRC section 415 limit as of 1/1/2016.

Question 25

In what range is X ?

- (A) Less than \$160,000
- (B) \$160,000 but less than \$165,000
- (C) \$165,000 but less than \$170,000
- (D) \$170,000 but less than \$175,000
- (E) \$175,000 or more

2016

Data for Question 39 (3 points)

A plan sponsor has never sponsored a defined contribution plan.

Normal retirement age: 62.

Normal form of payment: Single life annuity.

Actuarial equivalence:

Interest rate	7.5%
Post-retirement mortality table	Applicable mortality under IRC section 417(e)

Selected data for participant Smith:

Date of birth	1/1/1954
Date of hire	1/1/2008
Date of participation	1/1/2009
Date of retirement	1/1/2016
Highest 3-year annual average compensation	\$9,000
Annual plan benefit at age 62, payable in normal form	8,000
Form of benefit elected	Actuarial equivalent 10-year certain & life ("10 C&L")

Actuarial factors at age 62, based on the mortality table and given interest rates:

Interest rate	<u>Life</u>	<u>10 C&L</u>
5.0%	13.05	13.36
7.5%	10.52	10.79

X = Smith's IRC section 415 limit as of 1/1/2016.

Question 39

In what range is X ?

- (A) Less than \$6,310
- (B) \$6,310 but less than \$6,810
- (C) \$6,810 but less than \$7,310
- (D) \$7,310 but less than \$7,810
- (E) \$7,810 or more

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