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:

	Smith	Brown
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:

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

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

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 10/1/90 Smith	As of 3/31/92 Brown	As of 12/31/94 Green	As of 12/31/94 Jones
1	$ 0	$ 2,000	$ 5,000	$ 0
2	5,000	25,000	25,000	20,000
3-6	55,000	60,000	75,000	100,000
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

Data for Question 2 (1 point)

A plan has $100,000 in assets and $95,000 in vested benefits.

A substantial owner who has terminated from employment receives a lump sum distribution of $6,000.

Consider the following statement:

A notice of a reportable event must be filed with the PBGC because of the lump sum distribution.

Question 2

Is the above statement true or false?

(A) True

(B) False

Data for Question 10 (1 point)

A plan sponsor has issued a notice of intent to terminate under the distress termination process. The PBGC is reviewing the request to terminate the plan.

The plan's AFTAP is 85% and the sponsor is not in bankruptcy.

Consider the following statement:

During the termination proceedings, the plan may pay benefits under any form offered under the plan.

Question 10

Is the above statement true or false?

(A) True

(B) False

Data for Question 22 (1 point)

Plan year: 4/1 – 3/31.

A single employer plan undergoes a distress termination on 5/1/2012. The PBGC became a trustee of the plan under ERISA 4042 on 6/5/2013.

Consider the following statement:

A Comprehensive Premium Filing form and payment are due for the plan year beginning 4/1/2013.

Question 22

Is the above statement true or false?

(A) True

(B) False

Data for Question 28 (3 points)

Data as of 1/1/2014:

Funding target based on MAP-21 adjusted segment rates	$46,000,000
Funding target based on unadjusted segment rates	50,000,000
Market value of assets before reflecting contributions receivable	41,000,000
Funding standard carryover balance	2,000,000
Prefunding balance	0
Number of participants	400

All benefits are fully vested.

Plan year 2013 effective interest rate: 5.00%.

Contributions paid during 2014:

Date paid	Amount	For plan year
6/30/2014	$1,000,000	2013
9/30/2014	1,000,000	2014

The plan administrator has made an election to use the Alternative Premium Funding Target for the 2014 plan year.

Question 28

In what range is the PBGC Variable-rate Premium for 2014?

(A) Less than $86,250

(B) $86,250 but less than $99,250

(C) $99,250 but less than $112,250

(D) $112,250 but less than $125,250

(E) $125,250 or more

Data for Question 29 (2 points)

A company is a member of a controlled group. The company sponsors the only plan in the controlled group.

Selected data for the 2014 plan year:

FTAP	83.50%
Funding shortfall	$2,000,000
Required quarterly installment	600,000

The required quarterly installments due on 4/15/2014 and 7/15/2014 were paid on 10/1/2014.

Consider the following statement:

An ERISA section 4010 filing must be submitted to the PBGC.

Question 29

Is the above statement true or false?

(A) True

(B) False

Data for Question 30 (1 point)

Smith retires at age 60. Smith is receiving a temporary supplement until age 62. This temporary supplement is not a protected benefit under IRC section 411(d)(6).

Consider the following statement:

This temporary supplement is not included in the vested liability when determining the PBGC Variable-rate Premium.

Question 30

Is the above statement true or false?

(A) True

(B) False

Data for Question 31 (3 points)

A plan was terminated 9/30/2013 with excess assets. At the time of termination there were 200 active participants. As of 12/31/2013, 20 of those participants had terminated employment.

A replacement plan was established effective 1/1/2014 in connection with the plan termination. The replacement plan covers 175 of the remaining active employees from the terminated plan.

Sufficient assets are transferred in order to satisfy the 25% asset transfer requirement.

The remaining excess amount of $1,000,000 reverts to the plan sponsor.

Question 31

In what range is the excise tax on the employer reversion?

(A) Less than $170,000

(B) $170,000 but less than $270,000

(C) $270,000 but less than $370,000

(D) $370,000 but less than $470,000

(E) $470,000 or more

Data for Question 38 (3 points)

Information for 2014 Premium Payment Year:

Total employee count	27
Total participant count	17

All benefits are fully vested.

The full yield curve is used for IRC section 430 purposes.

The plan administrator has made an election to use the Alternative Premium Funding Target for the 2014 plan year.

Funding target based on full yield curve	$16,000,000
Funding target based on MAP-21 adjusted segment rates	15,400,000
Actuarial (market) value of plan assets	15,100,000

Question 38

In what range is the PBGC Variable-rate Premium for 2014?

(A) Less than $3,900

(B) $3,900 but less than $6,900

(C) $6,900 but less than $9,900

(D) $9,900 but less than $12,900

(E) $12,900 or more

Data for Question 42 (1 point)

A plan qualifies for the small employer cap for the PBGC Variable-rate Premium.

Consider the following statement:

The plan cannot qualify for the MAP-21 cap.

Question 42

Is the above statement true or false?

(A) True

(B) False

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

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.

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

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

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

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

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

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

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

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