Data for Question 14 (3 points)

Selected information as of 1/1/2014:

Funding standard carryover balance	$80,000
Prefunding balance	50,000
Actuarial (market) value of assets	2,400,000
Funding target	3,000,000

History of annuity purchases:

	2012	2013	2014
Annuity purchases for NHCEs	$0	$98,000	$10,000
Annuity purchases for HCEs	0	12,000	10,000
Total annuity purchases	0	110,000	20,000

The plan sponsor takes action to maintain an AFTAP of at least 80% for all plan years.

X = the reduction in the prefunding balance needed to obtain an AFTAP of 80% as of 1/1/2014.

Question 14

In what range is ***X***?

(A) Less than $25,000

(B) $25,000 but less than $30,000

(C) $30,000 but less than $35,000

(D) $35,000 but less than $40,000

(E) $40,000 or more

Data for Question 15 (1 point)

Plan effective date: 1/1/2012.

There is no predecessor plan.

Consider the following statement:

The plan is exempt from limitations on accelerated benefit distributions under IRC section 436 until the plan year beginning 1/1/2017.

Question 15

Is the above statement true or false?

(A) True

(B) False

Data for Question 20 (4 points)

Plan effective date: 1/1/2004.

Normal retirement benefit: 5.0% of final compensation per year of service.

Funding standard carryover balance as of 1/1/2014: $0.

Prefunding balance as of 1/1/2014: $15,000.

Actuarial (market) value of assets as of 1/1/2014: $395,000.

Effective interest rate for 2014: 6.0%.

The 2014 AFTAP is certified on 5/1/2014.

On 7/1/2014, the plan formula is amended to 5.5% of final compensation per year of service.

Selected data for sole participant:

Date of birth	1/1/1949
Date of hire	1/1/2004
Compensation for all years	$100,000

Selected annuity value:

$$\ddot{a}_{65}^{(12)} = 9.98$$

$\boldsymbol{X}$ = the smallest contribution made on 7/1/2014 that would permit the plan amendment to take effect.

Question 20

In what range is $\boldsymbol{X}$?

(A) Less than $35,000

(B) $35,000 but less than $40,000

(C) $40,000 but less than $45,000

(D) $45,000 but less than $50,000

(E) $50,000 or more

Data for Question 23 (4 points)

Consider the following chronology concerning a plan:

1/1/2009	Plan adopted
1/15/2009	2009 AFTAP certified at 100%
2/1/2010	2010 AFTAP certified at 85%
5/1/2011	2011 AFTAP range certification issued at 80% or higher
12/1/2011	2011 AFTAP issued at 85%
7/1/2012	2012 AFTAP issued at 58%
3/1/2013	2013 AFTAP issued at 72%
11/1/2014	2014 AFTAP issued at 65%

The plan offers a lump sum payment form. The plan does not provide for automatic restoration of benefit accruals when a restriction is lifted.

The plan sponsor does not elect to maintain a prefunding balance.

As of 1/1/2015:

X = the number of completed months during the plan's history in which accelerated benefit restrictions apply.

Y = the number of completed months during the plan's history in which there were restrictions on benefit accruals.

In a particular month, both restrictions referred to in the definitions of ***X*** and ***Y*** could apply. Thus it is possible for a month to be counted as part of both ***X*** and ***Y***.

Question 23

In what range is ***X*** + ***Y***?

(A) Less than 33

(B) 33 but less than 36

(C) 36 but less than 39

(D) 39 but less than 42

(E) 42 or more

Data for Question 26 (1 point)

2014 AFTAP, certified on 6/1/2014: 95.60%.

An error was discovered in the 1/1/2014 assets, and as a result they were restated on 7/1/2014.

If the AFTAP were recertified due to the asset adjustment, it would be 100.20%.

The plan sponsor is not in bankruptcy.

Consider the following statement:

A recertification of the 2014 AFTAP is required.

Question 26

Is the above statement true or false?

(A) True

(B) False

Data for Question 36 (4 points)

Valuation date: 1/1/2014.

Selected interest rate information:

Year	Segment rates	Effective rate
2013	{5.25%, 5.60%, 5.80%}	5.75%
2014	{5.50%, 6.50%, 7.50%}	Not yet determined at 2/1/2014

The 2013 AFTAP was certified on 9/30/2013 to be 83.00%.

Funding standard carryover balance as of 1/1/2014: $0.

Prefunding balance as of 1/1/2014: $1,500,000.

Actuarial (market) value of assets as of 1/1/2014: $25,000,000.

On 1/15/2014, the plan is amended to increase benefits effective on 2/1/2014. The increase in the funding target as of 1/1/2014 due to the 2014 plan amendment is $3,500,000.

X = the smallest contribution made on 2/1/2014 that would permit the plan amendment to take effect if the sponsor does not elect to reduce the prefunding balance.

Question 36

In what range is ***X***?

(A) Less than $1,940,000

(B) $1,940,000 but less than $1,960,000

(C) $1,960,000 but less than $1,980,000

(D) $1,980,000 but less than $2,000,000

(E) $2,000,000 or more

Data for Question 34 (1 point)

A plan allows for lump sum payments.

2014 AFTAP certified on 11/1/2014: 85%.

No other AFTAP certifications were made in 2014.

Smith, a terminated vested participant, has a full lump sum benefit of $10,000.

Consider the following statement:

Smith can receive this lump sum benefit on 11/15/2014.

Question 34

Is the above statement true or false?

(A) True

(B) False

Data for Question 35 (1 point)

A plan was frozen with no future benefit accruals as of 1/1/2005. The plan's 2014 AFTAP was 65%.

As of 4/1/2015, the plan's 2015 AFTAP has not been certified.

Consider the following statement:

The plan may purchase annuities on or after 4/1/2015 to settle some of the benefit liabilities.

Question 35

Is the above statement true or false?

(A) True

(B) False

Data for Question 38 (4 points)

Plan effective date: 1/1/2000.

The plan was amended to increase benefits effective 6/30/2015.

Valuation results as of 1/1/2015:

Market value of assets	$1,900,000
Actuarial value of assets	1,850,000
Funding standard carryover balance	0
Prefunding balance	100,000
Funding target before amendment	2,000,000
Increase in funding target due to amendment	500,000

Other information:

NHCE annuity purchases during 2014	$50,000
HCE annuity purchases during 2014	60,000
NHCE annuity purchases during 2013	40,000
Effective rate of interest for 2015	6%

The 2015 AFTAP was certified on 6/1/2015.

X = The IRC section 436 contribution that the plan sponsor must make on 6/30/2015 for the amendment to take effect.

Question 38

In what range is ***X***?

(A) Less than $145,000

(B) $145,000 but less than $175,000

(C) $175,000 but less than $205,000

(D) $205,000 but less than $235,000

(E) $235,000 or more

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