EA-2L

OVERHEADS

SPRING 2017

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GUIDELINES

1. Old Exams Too Simple
2. Good Multifunction Calculator
3. Read Questions Carefully
4. "My Way" Versus Right Way (PUC)
5. Avoid Arithmetic Errors - Compare Answer To Ranges (later - page 5)
6. Know All Conditions - General and Pension

MISCELLANEOUS CONDITIONS

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13. Applicable mortality/interest: defined in 417(e)(3)

14. Plan is not an “applicable defined benefit plan” (Cash Balance) under 411(a)(13)(C)

18. Grouping of rates has not been used for nondiscrimination, unless mentioned

19. For 410(b), assume no snapshot testing or imputed permitted disparity

20. AFTAPs have been certified on a timely basis

21. Plan provisions reinstate accruals that ceased due to IRC 436

MISCELLANEOUS CONDITIONS

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28. Check that compensation values are less than 401(a)(17) limit (if given sufficient information)

29. Check that benefit values are less than 415 limits (if given sufficient information)

30. Plan is covered by PBGC

31. "union" == "collectively bargained"

32. Plan sponsor has never been in bankruptcy

33. PBGC has determined that plan was terminated for legitimate business purpose

36. Disregard industry-specific rules and PPA delayed effective dates

"EA-2F" CONDITIONS

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16. Asset values are prior to adjustment for credit balance, carryover balance or prefunding balance

35. Assume all due dates are NOT Saturday, Sunday or holiday

Above exam conditions modified to be more consistent with EA-2F exam conditions

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IMPLIED RANGES

Sample Answer Ranges:

A. <10,000

B. 10,000 - 10,500

C. 10,500 - 11,000

D. 11,000 - 11,500

E. 11,500 ++

Which answers may be the result of arithmetic errors?

5,000	9,000
9,800	12,500

SUMMARY OF RECENT EXAMS

	07	08	09	10	11	12	13	14	15
PBGC	7.5	13.5	10.8	7.5	10.5	7.5	9.3	5.5	7.8
§401/410	6.3	7.3	3.5	6.5	4.3	5.0	3.3	5.0	6.8
§411/417	3.5	5.3	5.0	3.8	7.0	3.5	5.0	4.0	3.5
§415/416	4.0					5.5	5.8	4.5	5.8
§436			1.5	4.5	3.8	2.3	2.5	4.5	1.5
MULTI	1.0	2.3	3.5	3.3	2.3	2.0	2.8	1.5	1.3
OTHER	2.8	2.5	4.8	5.8	2.3	4.0	3.0	2.3	2.0
TOTAL	25.1	30.8	29.1	31.4	30.2	29.8	31.7	27.3	28.7

	Total for last 9 years			Normalized: Last 5 Yr		
	Num	Avg	Percent	Num	Avg	Percent
PBGC	79.8	8.9	34%	41.1	8.2	30%
§401/410	47.8	5.3	20%	25.0	5.0	18%
§411/417	40.5	4.5	17%	23.4	4.7	17%
§415/416	25.5	2.8	11%	22.0	4.4	16%
§436	20.5	2.3	9%	14.9	3.0	11%
MULTI	19.8	2.2	8%	9.9	2.0	7%
OTHER	29.3	3.3		13.7	2.7	
TOTAL	263.0	29.2	100%	150.0	30.0	100%

T/F Questions weighted .25, others weighted 1.0
Normalized values based on 30 points per year

SUMMARY OF EA-2L PROBLEMS BY TYPE (INCLUDING 2016)

Problem Type	2016 Exam	2015 Exam	2014 Exam	2013 Exam	2012 Exam	2011 Exam	2010 Exam	2009 Exam	2008 Exam	2007 Exam
401(a)(4)	36, 40	13, 19, 22, 32, 41	21, 27	22		44	06, 27, 41, 47	06, 30, 38	01, 19, 20, 28	18, 22, 30
1.401(a)(4)-5							26			21
401(a)(26)	21	04			24, 42, 44			42	23, 31	35
410(b)	05, 27	11	03, 06, 16	29, 45, 47	27, 30	11, 28, 41, 45	21, 25, 36	18	21, 22	04, 33
411 EE contrib		16				23, 35	28		05	31
411 misc	19, 29, 41	02, 23, 26	09, 12, 34, 37, 39	07, 13, 23, 33, 40	12, 23, 28, 41	08, 09, 18, 30, 39, 40	07, 09, 16, 30, 43	01, 02, 03, 07, 31, 37, 44	02, 04, 06, 24, 25	01, 19
415	03, 09, 25, 39	07, 28, 40	13, 18, 43	05, 26, 35, 36, 39	02, 20, 29, 38					11, 14, 25, 29, 37
416	11, 17, 26, 33	03, 17, 42, 43, 44	05, 25, 41	02, 15, 30, 32	07, 36, 37					09
417 QJSA/QPSA	20	25	01, 07	20, 44	09	02, 24	42	10, 33	03, 26, 27	06, 20
4975 prohib trans	15, 31	20, 36	33, 35	21, 31	04	05, 13			16, 41	
4980 reversion	02	39	31	10, 37	05, 26	06, 22	03, 32	12, 43	13, 14, 37, 40	26, 34
PBGC VRP	06, 16, 37, 42	01, 09, 15, 45	28, 30, 38, 42	16, 27, 34	16, 21, 40	12, 20, 25, 32, 34	22, 35, 39	08, 23, 28	07, 08, 29, 32, 33	07, 12, 17, 24
PBGC plan term	07, 10, 12, 23, 34	31	10, 22	17, 28	13, 17, 25	01, 15, 36	12, 13, 31	34, 36	09, 10	13
PBGC gtd ben		24	08	41	39	27, 38, 43	29	22, 27, 41	11, 18, 34, 35, 36	28
PBGC other	28	05, 06, 08, 10, 18, 29	02, 29	14, 19, 42, 43, 46	01, 06, 34	16, 26, 37	08, 17, 19	14, 16, 35, 40	17, 30	02, 03, 15, 32
Multiemployer	04, 13, 24, 38	14, 21	11, 24, 40	03, 04, 08, 09, 24	22, 32	07, 33, 42	02, 23, 37, 40	11, 20, 21, 24, 25	12, 38, 39	27
436 restrictions	08, 18, 22, 32, 35	34, 35, 38	14, 15, 20, 23, 26, 36	01, 06, 18, 25, 38	08, 33, 43	04, 10, 14, 21, 29, 31	05, 15, 24, 34, 38, 46	09, 19, 26		
None of the above	01, 14, 30	12, 27, 30, 33, 37, 46, 47	04, 17, 19, 32	11, 12, 48	03, 10, 11, 14, 15, 18, 19, 31, 35	03, 17, 19	01, 04, 10, 11, 14, 18, 20, 33, 44, 45	04, 05, 13, 15, 17, 29, 32, 39	15, 42	05, 08, 16, 36

This summary is <u>not</u> consistent with the summary shown on prior page (by code section)
Problems on IRC 414(l), 415, 416 and 417(e) were tested on the EA-2A exam from 2007-2011

EA-2L VERSUS EA-2 EXAMS

EA-2L EXAM	OLD EA-2 EXAM
1 point True/False	1 point True/False
2-5 points all other	4 points all other
100 points total	140 points total
2.5 hours - 150 min	4.0 hours - 240 min
Average 1.5 min / pt	Average 1.7 min / pt

EA-2 Pass mark 98 points, 70% correct

2013 Pass mark 72 points, 72% correct
2014 Pass mark 70 points, 70% correct
2015 Pass mark 70 points, 70% correct
2016 Pass mark 61 points, 61% correct

- KEY - smartest 35% of students will pass
- Passing score varies if exam harder / easier
- No penalty for wrong answers
- Don't leave any blank answers
- Use lucky coin for T/F questions

OPENING / CLOSING COMMENTS

READ	Internal Revenue Code and regulations (not just outlines)
WORK	Prior exam problems (5+ years) and practice problems
EXPECT	Similar problems as last 2 years
STUDY	"New stuff" in last 2 years' exams
REVIEW	Lengthy exam solutions give background of WHY - not just HOW to solve problem
EMAIL	Follow-up questions, clarifications after the seminar
PLAN	Allocate study time per topic based on # points tested on exam

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