Data for Question 5

Consider the following benefit formulas:

I. 1.00% of compensation for each of the first 10 years of service, plus 1.50% of compensation for each of the next 10 years of service.

II. 1.00% of compensation for each of the first 15 years of service, plus 1.50% of compensation for each of the next 15 years of service.

III. 0.75% of compensation for each of the first 20 years of service, plus 1.00% of compensation for each of the next 20 years of service.

Question 5

Which, if any, of these benefit formulas comply with at least one of ERISA's accrued benefit rules?

(A) I and II only

(B) I and III only

(C) II and III only

(D) I, II, and III

(E) The correct answer is not given by (A), (B), (C), or (D) above.

Data for Question 9 (2 points)

Current benefit formula: $30 per year of service for hourly employees.
$50 per year of service for salaried employees.

Current early retirement benefit: Unreduced accrued monthly benefit, payable at age 62.

Data for participant Smith:

Date of birth	1/1/1960
Employment status	Salaried

The following events occur:

I. The plan is amended effective 1/1/2015 so that the benefit formula for salaried employees is $50 per year of service prior to 1/1/2015, plus $40 per year of service after 12/31/2014.

II. Smith's employment status is changed to hourly, on 12/31/2015.

III. The plan is amended to remove the subsidized early retirement benefit for future accruals, effective 12/31/2016.

Question 9

Which, if any, of the above events require advance notification to Smith under ERISA section 204(h)?

(A) I and II only

(B) I and III only

(C) II and III only

(D) I, II and III

(E) The answer is not given by (A), (B), (C), or (D) above.

Data for Question 12 (1 point)

A plan's normal retirement age is the latest allowable under the law.

Data for participant Smith:

Date of birth	1/1/1949
Date of hire	1/1/2009
Date of participation	1/1/2010

Consider the following statement:

Smith's normal retirement date is 1/1/2015.

Question 12

Is the above statement true or false?

(A) True

(B) False

Data for Question 34 (3 points)

Consider the following statements about 204(h) notice requirements:

I. Illustrative examples are required to be provided for a change from a career average formula to a cash balance plan.

II. For multiemployer plans, the contributing employers are responsible for reporting and paying the excise tax resulting from the plan's failure to provide a 204(h) notice.

III. For a plan amendment that allows participants to choose between two different benefit formulas, a 204(h) notice must be provided at least 15 days before the effective date of the amendment.

Question 34

Which, if any, of the above statements is (are) true?

(A) I only

(B) II only

(C) III only

(D) I, II, and III

(E) The correct answer is not given by (A), (B), (C), or (D) above

Data for Question 37 (1 point)

A plan's normal retirement age is 62.

Smith commences participation at age 53 and terminates, fully vested, at age 61.

According to plan provisions, unless Smith elects otherwise, payment of benefits to Smith will begin no later than the 60th day after the close of the plan year in which he attains age 65.

Consider the following statement:

The plan meets the qualification requirements with respect to postponed retirement under IRC section 401(a)(14).

Question 37

Is the above statement true or false?

(A) True

(B) False

Data for Question 39 (2 points)

Plan effective date: 1/1/2005.

The plan uses the most restrictive vesting requirements and the 7-year graded vesting schedule.

Data for participant Smith:

Date of birth	1/1/1986
Date of hire	1/1/2004
Date of termination	12/31/2007
Date of rehire	1/1/2011

Smith works over 1,000 hours in each year of employment.

Consider the following statement:

Smith is 100% vested as of 1/1/2014.

Question 39

Is the above statement true or false?

(A) True

(B) False

Data for Question 2 (1 point)

An employer provides a 204(h) notice to all 22,000 active participants 45 days prior to the effective date of an amendment. A mail room clerk inadvertently misplaces a stack of 100 notices. The notices are found 15 days later and immediately placed in the mail.

Consider the following statement:

An excise tax under IRC Section 4980F is imposed for late mailing of the misplaced notices.

Question 2

Is the above statement true or false?

(A) True

(B) False

Data for Question 16 (3 points)

Normal retirement benefit:	$20 per month per year of service.
Mandatory employee contributions:	5% of compensation, paid on 12/31 each year.

Selected data for Smith:

Date of birth	1/1/1949
Date of hire	1/1/2011
2011 compensation	$30,000
2012 compensation	35,000
2013 compensation	40,000
1/1/2014 vested percentage	80%

Selected values:

Year	120% of Federal mid-term rate	417(e) rates	$\ddot{a}_{65}^{(12)}$
2011	2.34%	{5.01%, 5.07%, 6.10%}	
2012	1.40%	{4.07%, 4.45%, 5.24%}	
2013	1.04%	{5.02%, 3.57%, 4.77%}	
2014	2.10%	{3.24%, 4.42%, 5.40%}	12.14

Question 16

In what range was the employee-derived portion of Smith's monthly annuity payable at 1/1/2014?

(A) Less than $34.50

(B) $34.50 but less than $35.50

(C) $35.50 but less than $36.50

(D) $36.50 but less than $37.50

(E) $37.50 or more

Data for Question 19 (2 points)

Consider the following plans:

Plan I: The normal retirement benefit equals 25% of final average compensation reduced pro rata for each year of participation at normal retirement less than 25 years. A participant's accrued benefit equals the employee's fractional rule benefit multiplied by a fraction, the numerator of which is the employee's current years of participation, and the denominator of which is the employee's projected years of participation at normal retirement age.

Plan II: The accrued benefit equals 1.40% of compensation for each of the first 10 years of service, 1.70% of compensation for each of the next 10 years of service, and 2.00% of compensation for each year of service over 20.

Plan III: The normal retirement age is the earlier of (a) age 62 and the completion of 10 years of service or (b) the later of age 65 and the 5th anniversary of participation.

Question 19

Based on the information provided, which, if any, of the above plans could be a safe harbor under IRC section 401(a)(4)?

(A) Plan I only

(B) Plan II only

(C) Plan III only

(D) Plans I, II, and III

(E) The correct answer is not given by (A), (B), (C), or (D) above.

Data for Question 23 (3 points)

Plan effective date: 1/1/1998.

The plan uses the most restrictive graded vesting schedule and rules that the law allows.

Benefit service: One year of service for any year with 1,000 hours or more.
Benefit formula: $50 per month for each year of benefit service.

Benefit service is earned beginning on the date of participation and is not forfeited as long as the participant remains an employee.

Selected data for participant Smith:

Date of birth	1/1/1985
Date of hire	1/1/2000
Date of participation	1/1/2003

Year	Hours worked	Year	Hours worked
2000	1,800	2008	450
2001	1,800	2009	450
2002	1,800	2010	1,700
2003	1,800	2011	1,700
2004	1,500	2012	1,700
2005	450	2013	1,700
2006	450	2014	1,700
2007	450	2015	900

Question 23

In what range is Smith's vested monthly accrued benefit on 12/31/2015?

(A) Less than $170

(B) $170 but less than $270

(C) $270 but less than $370

(D) $370 but less than $470

(E) $470 or more

Data for Question 26 (2 points)

Consider the following statements regarding an amendment reducing future benefit accruals:

I. Single employer pension plans with fewer than 100 participants are not required to provide a 204(h) notice.

II. The deadline for providing a 204(h) notice is 15 days before the effective date of the amendment for a single employer pension plan with more than 100 participants.

III. If the plan is collectively bargained, a 204(h) notice is not required.

Question 26

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.

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