

# Certified Pension Consultant CPC Credential

*Candidate Handbook*



**ASPPA**

American Society of  
Pension Professionals  
& Actuaries

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## Introduction

### About the CPC Credential

The Certified Pension Consultant (CPC) credential is ASPPA's highest credential. CPCs are an elite group of benefits professionals who have demonstrated a mastery of all aspects of qualified plans. The CPC program prepares you to fulfill departmental leadership roles in compliance, relationship management, plan documents and operations — drawing on your accumulated retirement plan knowledge and experience.

### About the American Society of Pension and Plan Administrators (ASPPA)

ASPPA began in 1966 as an actuarial organization, but since that time we have changed to reflect the shifts in the retirement plan industry. As a result, ASPPA now represents business owners, actuaries, TPAs, record keepers, consultants and more. While ASPPA members come from all corners of the country, they are all united by their belief in and commitment to the private pension system.

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*In pursuit of these goals, ASPPA offers its more than 7,000 members extensive educational opportunities, paired with a strong advocacy operation that puts us at the center of any legislative debates that could affect what you do for a living. Our educational opportunities include robust credentialing, certificate, and continuing education programs, along with the best lineup of conferences and networking opportunities in the industry.*

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### About the American Retirement Association (ARA)

The American Retirement Association (ARA) is a non-profit organization that aims to educate retirement plan professionals and create a framework of policy that gives every working American the ability to have a comfortable retirement.

As part of that mission, for more than half a century, the ARA has developed and distributed education programs, information resources, and professional credentials that have become the gold standard for retirement plan professionals in every field of endeavor.

More than 26,000 members strong, today the American Retirement Association is comprised of five premier retirement industry associations; the American Society of Pension Professionals & Actuaries (ASPPA), the American Society of Enrolled Actuaries (ASEA), the National Association of Plan Advisors (NAPA), the National Tax-deferred Savings Association (NTSA), and Plan Sponsor Council of America (PSCA).

# Section 1: How to Apply for Credential

## Overview

To obtain the CPC credential individuals must:

- Pass 6 CPC Modules (4 core and 2 elective)
- Pass the CPC Credential Exam
- Have passed the QKA, QKC, and QPA Credential Exams
- Agree to abide by the ARA Code of Professional Conduct
- Apply for an additional credential

## Exam Requirement

The CPC exam is offered twice per year in the spring and fall months using a proctored online examination system.

## Experience and Education Requirement

Candidates must have earned the QKA, QKC, and QPA Credential before sitting for the CPC exam.

## Application Requirements

Complete the ASPPA Credentialed Member Upgrade/Additional application form. The application requirements include:

- a. Agreement to abide by the ARA Code of Conduct
- b. Acknowledging receipt of the ASPPA continuing education policy
- c. Pay the ASPPA credentialed membership fee

## Section 2: Exam Administration

### Exam Formats

One comprehensive, online proctored 4½ hour examination will be required for the CPC credential in addition to successful completion of the online modules.

*----- Detailed information about each exam's topics are provided in the Appendix. -----*

### Exam Delivery

Due to the Coronavirus pandemic, this exam will be delivered online using a proctored online examination system. To participate, candidates will need access to a laptop or desktop computer with webcam. The exam will be monitored by video and exam results will be valid only if the proctor determines that the candidate followed all exam guidelines when completing the exam. Any irregularity or suspected violation of examination standards will be investigated and may result in disciplinary action.

### Enrollment

Candidates will receive enrollment notification within three business days of completing purchase of the exam. If an exam is bundled with study material delivered through the learning management system (LMS), the candidate will request enrollment in the exam through their LMS catalog once ready to access.

### Exam Scoring

CPC examination results will be delivered to candidates via email approximately eight to ten (8-10) weeks after the examination date, after an expert review and grading. Exams are given twice a year, usually in June and November.

A score of 9, 8 or 7 (passing grade) or 6, 5 or "N" (failing grade) is provided instead of a percentage score. A score of "N" indicates that the candidate's performance was below the minimum acceptable standards. Raw scores, spreads between scores, pass marks, pass percentages and copies of questions are not released.

### Time Limit

All credential exams are timed and must be completed within the allotted time. For CPC, the time limit for the exam is 4½ hours. Exams cannot be paused and resumed after starting. Any exam questions left unanswered at the end of the allotted time will be counted as incorrect.

### Exam Results

CPC examinations are essay-based and graded by a team of expert graders. CPC Exam results will be emailed to candidates directly approximately 8-10 weeks after the examination date.

### Exam Requirement

The CPC exam is offered twice per year in the spring and fall months using a proctored online examination system.

**CE Credits**

Candidates receive 20 CE credits with a passing grade on the exam. Credits will be applied to the CE cycle in which the score is issued.

**Language**

The CPC credential exams is offered in English.

**Test Administration Modification**

Special accommodations to test administration shall be provided to candidates with a disability (as defined by Title III of the Americans with Disabilities Act) who submit with their certification application, a written explanation of their needs and appropriate documentation. Requests must be submitted no less than six weeks prior to test date in order to allow sufficient time for arrangements to be made on behalf of the test candidate. Application forms for these accommodations are provided in this handbook and online at [www.ASPPA.org](http://www.ASPPA.org).

**Audit of Results**

ASPPA may audit a portion of the applications that are submitted for compliance with the credential program requirements. It is the candidate's responsibility to retain all documentation necessary to support program compliance.

**Violation of Code of Conduct**

If it is determined that a candidate has violated the ARA Code of Conduct, the candidate may be barred from taking the exam for a timeframe determined by ARA.

**Statement of Non-Discrimination**

ASPPA endorses the principles of equal opportunity. Eligibility criteria for examination and credentialing as a CPC are applied equally to all individuals regardless of age, race, religion, gender, national origin, veteran status, or disability.

**Confidentiality**

ASPPA recognizes candidates' rights to control personal information. ASPPA policy is designed to safeguard this information from unauthorized disclosure. Candidates can change preferences to be contacted by updating personal preferences in their profiles. To protect the rights to control score distribution, exam scores are released only to the candidate and authorized ASPPA or ARA staff.

ASPPA does not release individual exam scores, except for use in research studies that preserve candidates' anonymity. Candidates' scores will always remain confidential unless authorized with the written consent of a candidate. Official statistics regarding the CPC credentialing exam, including all question performance data, individual data and demographic data, will be considered confidential; however, ASPPA reserves the right to publish aggregated, non-identifying information based on such data.

### **Sharing Exam Results**

Candidates who wish to have their grades sent to anyone other than themselves can do so by completing the ARA Certification Examination Score Release Form.

### **Passing Score**

Candidates who successfully complete the examination and whose credentials and application entitle them to credentialing will be notified by email and granted a CPC Credential. The credential remains the property of ASPPA, which may withdraw, cancel, revoke or otherwise annul the credential for cause.

### **ASPPA Credential Candidate Inquiry Policy**

Candidates may submit written inquiries about ASPPA study materials and credentialing exams. Credential examination inquiries must be submitted within 30 days after the examination date

Inquiries regarding ASPPA credentialing exams must be submitted by the exam candidate.

ASPPA will not review or respond to inquiries submitted on the candidate's behalf.

Correspondence will be conducted in accordance with ASPPA's privacy policy contained in this handbook.

## Section 3: Preparing for the CPC Credential Exam

As the culminating designation for the non-actuary ASPPA member, the Certified Pension Consultant (CPC) credential is intended as an opportunity for a successful candidate to demonstrate their accumulated retirement plan knowledge and experience. To earn the CPC credential, candidates build upon a foundation of knowledge acquired by passing the examinations required for the QKA, QKC, and QPA credentials.

CPC candidates will demonstrate their knowledge and experience through the completion of specific core and elective online modules as well as a single comprehensive proctored CPC essay examination.

The modules, study guide, and proctored exam will provide opportunities for analyzing and solving consulting problems that might be encountered in real-life client situations. In professional practice, more than one statutory provision or retirement plan consideration often applies, and the pension consultant must be able to recognize and evaluate in depth each potential issue for his or her client.

Additionally, because ASPPA members are required to comply with ARA's Code of Professional Conduct, the topic of ethical performance in one's professional capacity forms an important part of the CPC course of study and ethics questions will be a part of each core module and the proctored exam.

ASPPA has available study materials to help individuals prepare for the CPC certification exams. These include:

### **CPC Online Modules**

Candidates must pass 6 online Modules (4 core and 2 elective).

Each module contains a PDF study guide, additional resources to download, and a 20-question assessment.

The assessments are not timed and candidates must earn a 70% or higher to pass. A score less than 70% counts as a failed assessment.

#### Core Module Package (4/4)

- Investments
- Fiduciary Topics
- Distributions and Loans
- Related Groups and Business Transactions

#### Elective Modules (choose 2/4)

- ESOPs
- Governmental & Tax-Exempt Plans



- Nonqualified Plans
- Cash Balance

### **CPC Study Guide**

The study guide should be used as preparation for your ASPPA CPC examination. It is intended to be a guide to the material that will be on the examination.

The study guide covers the following chapters:

- Chapter 1: Related Groups and Business Transactions
- Chapter 2: Coverage and Nondiscrimination
- Chapter 3: 401(k) Plans
- Chapter 4: Defined Benefit Plans
- Chapter 5: Distributions and Loans
- Chapter 6: Fiduciary Responsibilities, including ERISA 404(c)
- Chapter 7: Correction Programs and Ethics
- Chapter 8: Plan Design

### **CPC Exam**

The CPC examination consists of 8 multiple part essay questions, and candidates have 4½ hours to complete it. The exam questions cover the following topics:

- Business entities and related groups (approx. 10% of exam)
- Coverage and nondiscrimination
- 401(k) plans
- Defined benefit plans
- Distributions and loans
- Fiduciary responsibilities, including ERISA 404(c)
- Correction programs and ethics
- Plan design

**----- Detailed information about each exam's topics are provided in the Appendix. -----**

### **Frequently Asked Questions**

1. Why is the CPC examination an essay type instead of multiple-choice?

ASPPA feels that an essay examination is the best way to test a candidate's ability to apply knowledge meaningfully to realistic consulting situations.

2. How are the examination questions structured?

Generally, essay questions are based on factual situations typically encountered by consultants in their general practice. The questions are constructed to require the candidate to demonstrate knowledge of certain facts and concepts and apply them on a practical basis.

3. How many hours of study are required to pass the examination?

This examination is needed to achieve the CPC credential and therefore must be rigorous to assure a high-level of competence. The number of hours of study needed to pass the examination varies from person to person depending on the length and breadth of a person's experience in the pension field. Working knowledge of the Internal Revenue Code, ERISA and the accompanying regulations is essential. In addition, it is assumed and expected that all materials in this guide will be read and studied. It is common for persons meeting the above criteria to spend between 250 and 300 hours studying for the examination. As in other professional examination programs, such as bar examinations, enrolled actuary examinations and CPA examinations, it is not unusual for candidates to take the test more than once before passing.

4. How should a candidate study for the examination?

It is expected that you will read and study all of the required materials. It is recommended that the majority of your study time be spent on subjects that are unfamiliar to you, or those that are outside your normal area of practice, since questions in these areas may be the most difficult for you to answer adequately. Review questions covering the material along with the answers can be found at the end of most chapters. However, do not assume that the specific subject matter covered by the review questions will be on the proctored exam.

Due to the consulting nature of the examination, it is possible to ask relatively few questions. Therefore, the examination will not necessarily cover all of the reading materials. However, a candidate who wants to be prepared for the examination should study all of the materials. Even if a particular topic is not covered by the examination, the candidate will have increased his or her professional capabilities by studying the materials.

5. How many times a year is the examination given?

The CPC examination is offered twice a year – once during the spring exam window and once during the fall exam window.

6. Where can I obtain additional information on the CPC examination?

Contact ASPPA Customer Support at 703-516-9300 or [RPA@usaretirement.org](mailto:RPA@usaretirement.org)

## Section 4: Maintaining Your Credential

### Continuing Education Requirements

ASPPA designation holders must complete forty (40) hours of Continuing Education (“CE”) every two years. The two-year cycle begins on the first calendar day of each odd numbered year and ends on the last calendar day of the subsequent even numbered year.

### Continuing Education Requirement for New Designation Holders

For designation holders that are awarded their first ASPPA designation in an odd year, the CE requirement for the CE Cycle ending the following calendar year is twenty (20) hours.

For designation holders that are awarded their first ASPPA designation in an even year, the CE requirement for the CE Cycle ending that calendar year is zero (0) hours.

### Continuing Education Content Standards

Reported CE must meet the following standards to qualify for continuing education credit:

- Content must be developed by person(s) qualified in the subject matter.
- Maximum total amount of CE reported per event must be no more than twenty-five (25) credit hours
- CE hours reported shall match the actual time on task rounded down to the nearest five (5) minute increment.
  - One (1.0) hour of CE is equivalent to 50 minutes of instruction or study time on task
  - After the first 50 minutes, CE hours may be accrued 5-minute increments where 5 minutes is equal to one tenth (0.1) CE credits.
  - CE will not be accepted for any event less than 45 minutes time on task. This is equivalent to a nine-tenths (0.9) CE threshold.
- Two (2) hour of ethics related CE must be earned and recorded each cycle.
- CE credits must be earned and reported for the current cycle. CE credits may not be carried over from one cycle to the next.

### Acceptable Subject Matter

All continuing education topics that promote an ASPPA member’s professional development in the retirement field qualify for ASPPA CE (including non-technical topics such as marketing and advanced IT training). Broad categories include topics such as:

- Qualified Plans
- Nonqualified Plans
- Tax-Exempt & Governmental Plans
- IRAs
- Actuarial Issues
- Investments & Insurance
- Participant Issues

- Business Management, Operations & Development
- Personal Development
- Technology

## Reporting Requirements

### *Third Party CE*

- Designation holders are responsible for reporting third party CE activity using the ASPPA CE reporting system.
- Records of completion of third-party CE must be maintained by the designation holder for a minimum of two (2) calendar years following the calendar year for which the CE credit is reported.
- Third party CE is subject to audit.

### *ASPPA Provided CE*

- ASPPA will record CE credit for participation in ASPPA CE events.
- ASPPA will ensure that that ASPPA provided CE meets both continuing education content standards and addresses retirement plan related acceptable subject matter.

## Compliance and Audit

The audit of third-party CE is conducted for the benefit of all ASPPA designation holders. The CE audit process demonstrates ASPPA's ongoing commitment to professionalism and the integrity of its program. The CE audit process helps ensure compliance with the CE policy, but more importantly, will help ASPPA identify opportunities to continuously improve the CE program.

## The Audit Process

ASPPA will conduct an audit of reported third party CE. The audit will encompass a randomly selected representative sample of designation holders who reported third party CE the prior cycle.

Designation holders who are randomly selected for the CE audit will be asked to provide suitable documentation to substantiate that the reported Third-Party CE meets the Continuing Education Content Standards. In general, the documentation must demonstrate that:

- The content was developed by a subject matter expert with expertise pertinent to the subject matter
- Time on task for the CE credit awarded
- Successful completion or participation

The designation holder subject to audit will also be asked to provide a description of the CE session for any third-party CE reported to satisfy the ethics or retirement plan related acceptable subject matter.

## Suspension of Designation

ASPPA designations may be suspended for the following reasons

- Failure to comply with the ASPPA Continuing Education Policy
- Failure to renew ASPPA membership or ASPPA credential maintenance fee as applicable
- Violation of the ARA Code of Professional Conduct

### **Failure to Comply with the ASPPA Continuing Education Policy**

Designation holders will have until March 1 of each calendar year to report CE for the prior calendar year CE cycle. ASPPA provided CE earned prior to March 1<sup>st</sup> of each calendar year may be applied to the CE reporting cycle for the prior calendar year. In no case will CE be recorded for more than one CE reporting cycle.

If the failure to comply with the ASPPA Continuing Education Policy results from the audit of third-party CE, the designation holder will have 60 days from the date of notification to correct the deficiency.

### **Failure to Renew ASPPA Membership**

Designation holders are expected to remain ASPPA members in good standing and make timely payment of any designation maintenance fee that may be required by ASPPA. Failure to pay any required fees by March 1 of each calendar year will result in suspension of the designation.

### **Violation of the ARA Code of Professional Conduct**

Suspension and or revocation of designations due to actual or reported violation of the ARA Code of Professional Conduct is addressed in the ARA Code of Conduct Disciplinary Procedures.

### **Revocation of Designation**

Designations will be revoked for designation holders who do not correct the deficiency or deficiencies that initiated the suspension of the designation within the parameters outlined in this policy statement and or any communications from ASPPA with regard to the suspension of designation.

If the designation is revoked, all ASPPA records and reports will be updated to reflect the revocation. This may include updating the ASPPA designation holder database available to the public. Individuals for whom designations have been revoked may not apply for reinstatement and may not retake the qualifying designation examination earlier than the calendar year following the year in which the designation was revoked.

### **Reinstatement**

Reinstatement may be granted if the following conditions are met prior to the end of the calendar year following the calendar year a designation is suspended or revoked:

- The reinstatement application and new membership application is submitted,
- Required fees including membership, credential maintenance and reinstatement fees are paid in full, and
- Documentation is provided demonstrating compliance with the CE policy for the current CE cycle.

# APPENDIX



# CPC Certification Exam Content Outline

## Topic 1: Business Entities and Related Groups

### Overview

The rules of common control have far-reaching effects on many aspects of qualified retirement plans. For this reason, determining whether an employer is a part of a controlled group or an affiliated service group (ASG) is critical to ensuring continued qualified status for retirement plans. This topic examines various types of these arrangements, and the integral rules of attribution are examined. Also included is a review of the effect of business transactions such as mergers and acquisitions on groups under common control and the retirement plans sponsored by these entities.

### Learning Objectives

The successful candidate will be able to:

- Analyze a fact pattern and conclude whether common control exists under IRC §§414(b) and (c).
- Explain the impact of controlled group status on qualified plan requirements.
- Identify situations where an ASG may exist and the information needed to make an ASG determination.
- Explain the impact of ASG status on qualified plan provisions.
- Discuss the consequences of leased employees on the recipient client organization's plan.
- Analyze a fact pattern and conclude whether a multiple employer plan exists.
- Discuss the advantages and disadvantages of establishing a multiple employer plan versus several single employer plans.
- Discuss the effect an operational failure with one member of a multiple employer plan has on the plan as a whole.
- Discuss the plan requirements for which members of a multiple employer plan are treated as a single employer and those for which they are treated as separate employers.
- Apply the rules for a multiple employer plan to a PEO relationship.

### Exam Weighting

This topic will comprise approximately 10% of the examination.

## Topic 2: Coverage & Nondiscrimination

### Overview

A qualified retirement plan must benefit a minimum number of employees and may not be designed or operated in favor of highly compensated employees (HCEs). This topic reviews the coverage and participation tests under IRC §§410(b) and 401(a)(26) incorporating testing methodology as well as procedures for correcting violations and the special exceptions accorded to qualified separate lines of business (QSLOBs) under IRC §414(r). In addition, the nondiscrimination rules of IRC §401(a)(4) which prohibit favoring HCEs in the amount of benefit or contribution provided and prohibit favoring HCEs in the availability of benefits, rights or features are outlined. A qualified retirement plan also must ensure that the effect of any plan amendment or termination is not discriminatory. Therefore, details of various options available to prove nondiscrimination in these areas are included under this topic.

The following learning objectives assume that the candidate has a complete knowledge of basic coverage and nondiscrimination testing concepts including identifying HCEs and performing nondiscrimination and coverage tests under IRC §§410(b), 401(a)(4) and 401(a)(26).

### Learning Objectives

The successful candidate will be able to:

- Analyze a fact pattern and apply the minimum participation rules of IRC §401(a)(26).
- Analyze a fact pattern, apply the coverage rules of IRC §410(b), discuss the consequences of a failed coverage test and recommend methods of correction.
- Analyze a fact pattern, apply the nondiscrimination rules of IRC §401(a)(4), discuss the consequences of a failed test and recommend correction alternatives.
- Analyze a fact pattern and illustrate a rate group test on a defined contribution plan.
- Illustrate cross-testing given a specific fact pattern, including EBAR calculations and the use of the gateway test
- Discuss the effect of allocation conditions on a cross-tested plan.
- Discuss the impact of a plan's top-heavy status on plan design and operations.
- Discuss the interaction between top-heavy minimum allocations, safe harbor contributions and minimum gateway allocations.
- Identify plan provisions that must be tested as a benefit, right or feature and analyze whether the provision is nondiscriminatory.
- Determine the maximum deductible limit for a company that has owners with self-employment income.
- Explain when plans or components of plans must be aggregated, and how they may be aggregated or disaggregated for purposes of IRC §§410(b), 401(a)(4) and 401(a)(26).
- Analyze the effect of a merger, acquisition or disposition on qualified plan provisions under the transition rule of IRC §410(b)(6).
- Evaluate whether a compensation definition is discriminatory under IRC §414(s).

### Exam Weighting

This topic will comprise approximately 15% of the examination.



## Topic 3: 401(k) Plans

### Overview

Qualified plans that contain elective salary deferral or cash-or-deferred arrangements are commonly called 401(k) plans after the IRC section that governs these arrangements. The deferral arrangement actually is a special provision added to a qualified profit sharing or stock bonus plan. In addition to being subject to the requirements of a profit sharing plan or stock bonus plan, 401(k) plans must satisfy special qualification requirements. This topic addresses these qualification requirements within the context of the specific testing required of 401(k) plans to demonstrate compliance. Particular time and attention will be dedicated to plan design and testing techniques that improve ADP and ACP testing results and best meet the needs of the employer.

### Learning Objectives

The successful candidate will be able to:

- Calculate the ADP and ACP for a given fact pattern, assess possible correction methods for a failed ADP or ACP test, recommend a solution and support their recommendation.
- Analyze a fact pattern and demonstrate 401(k) plan design alternatives and operational techniques that will improve nondiscrimination test results.
- Discuss the advantages and disadvantages of automatic enrollment including the timing, contribution, notice and vesting requirements that are applicable.
- Discuss the requirements for a safe harbor 401(k)(12) (traditional) plan and assess whether a given plan design satisfies the requirements.
- Discuss the requirements for a safe harbor 401(k)(13) (QACA safe harbor) plan and assess whether a given plan design satisfies the requirements.
- Discuss the benefits of a safe harbor 401(k)(12) (traditional) design vs. a safe harbor 401(k)(13) (QACA) design based on a specific fact pattern.
- Describe the advantages and disadvantages of adding a designated Roth feature to a 401(k) plan.
- Describe the tax consequences a participant will face when an in-plan Roth conversion is elected.
- Discuss permissible ADP/ACP testing alternatives when related employers maintain 401(k) plans, including the mandatory aggregation of HCEs.
- Explain the issues involved relative to mergers, acquisitions and spin-offs on ADP and ACP testing including any possible impact to safe harbor status.

### Exam Weighting

This topic will comprise approximately 15% of the examination.

## Topic 4: Defined Benefit Plans

### Overview

This topic covers issues dealing with defined benefit plans and reviews the safe harbors available to simplify defined benefit design and administration. Non-traditional defined benefit plans such as cash balance plans, floor-offset arrangements and fully insured plans are reviewed. Time will also be spent on plan design objectives that can be achieved through defined benefit plans. In addition, the topic's material discusses funding requirements, benefit limitations and the role of the Pension Benefit Guaranty Corporation (PBGC).

### Learning Objectives

The successful candidate will be able to:

- Analyze whether or not a given defined benefit formula satisfies the safe harbor requirements of IRC §401(a)(4) and the accrual rules of IRC §411(b).
- Calculate the maximum IRC §415 limit for a participant, including the dollar and percentage limits below age 62 and above age 65.
- Describe the impact that actuarial assumptions have on plan liabilities and contributions.
- Discuss how a plan's adjusted funding target attainment percentage (AFTAP) affects contribution requirements, benefit accruals and distribution limitations.
- Describe how a cash balance plan works, including how benefits accrue and how benefits are presented to participants.
- Discuss the impact of a defined benefit plan's current contributions and actual investment performance on future minimum and maximum contributions.
- Analyze the application of the deduction limits for PBGC covered employers and non-PBGC covered employers who sponsor both a defined benefit plan and a defined contribution plan.
- Discuss the requirements for pension plans that reduce or cease future benefit accruals.
- Explain the minimum and maximum contribution requirements that apply to defined benefit plans including the excise taxes that apply when minimum contributions are not made or nondeductible contributions are made.

### Exam Weighting

This topic will comprise approximately 13% of the examination.

## Topic 5: Distributions & Loans

### Overview

The financial lifecycle of a retirement plan is a reflection of funds flowing into and out of the plan over time. This lifecycle is governed by the myriad rules surrounding and supporting beneficial tax qualification. The material for this topic requires a candidate to delve into the more complicated taxation and timing issues of distributions from qualified plans, whether these distributions take the form of loans, required minimum distributions and the like, or are the result of retirement, termination of employment or in-service events.

### Learning Objectives

The successful candidate will be able to:

- Summarize the rules governing the form, amount and timing of distributions.
- Summarize the rules governing the portability of distributions.
- Evaluate whether a hardship withdrawal provision may be amended and analyze the impact of hardship withdrawal provisions on plan design and operations.
- Analyze the restrictions on distributions from a 401(k) plan when a successor plan exists.
- Calculate the required minimum distribution given a particular fact pattern.
- Analyze the tax treatment of various forms and types of distributions.
- Describe the requirements that must be met for a designated Roth distribution to be a qualifying distribution.
- Analyze the impact of qualified and nonqualified distributions of designated Roth amounts.
- Discuss and apply the available options for participant loan refinancing.
- Analyze whether loan repayments may be suspended and determine the repayment amount once a suspension is lifted.
- Identify protected benefits under IRC §411(d)(6) and changes that can be made to a plan's distribution and loan options.

### Exam Weighting

This topic will comprise approximately 10% of the examination.

## Topic 6: Fiduciary Responsibilities including ERISA §404(c)

### Overview

Fiduciary status and the attendant responsibilities and liabilities of that status are granted based on one's functional duties rather than by one's title. The implications of being a plan fiduciary are far-reaching and encompass not merely awareness that one is a fiduciary, but also what one must do and what one is prohibited from doing as a plan fiduciary. The repercussions for a qualified plan and its participants due to fiduciary failure can be severe, and therefore this topic's material includes a review of fiduciary status along with fiduciary duties and provides analyses of fiduciary breaches, the limitation of fiduciary liability and available correction procedures.

### Learning Objectives

The successful candidate will be able to:

- Define the roles and responsibilities of the various parties involved in managing plan assets, including investment managers, plan consultants, custodians and financial advisors.
- Explain the exclusive benefit and prudent man rules and their application to plan activities.
- Evaluate settlor vs. fiduciary functions and their implications regarding plan expenses.
- Analyze a given fact pattern and propose approaches for reducing or eliminating fiduciary liability.
- Describe the requirements that must be met for an investment to be a QDIA and provide examples of investments that would qualify.
- Discuss the effect of investment advice and any liability on the plan fiduciaries under an eligible investment advice arrangement.
- Discuss the impact of having a directed trustee.
- Evaluate whether a transaction is a prohibited transaction under Title I of ERISA.

### Exam Weighting

This topic will comprise approximately 11% of the examination.

## Topic 7: Correction Programs & Ethics

### Overview

Part of the consulting experience is the ability to assist clients in identifying and assessing existing and potential plan defects. The consultant should also be able to recommend a suitable course of corrective action when necessary. This topic addresses the IRS Employee Plans Compliance Resolution System (EPCRS) Program as an avenue for correction. The Voluntary Fiduciary Compliance (VFC) program and Delinquent Filer Voluntary Compliance (DFVC) program will also be covered. Additionally, the pension consultant must contemplate his or her professional, ethical duties owed to plan sponsors and participants. Consequently, this topic's required reading material also includes the ASPPA Code of Professional Conduct.

### Learning Objectives

The successful candidate will be able to:

- Analyze a given fact pattern, and explain the methods of correcting and reporting a prohibited transaction under Title I of ERISA.
- Explain the purpose of and eligibility for the available EPCRS correction programs.
- Identify and discuss the differences between significant and insignificant operational defects, plan document defects and demographic failures.
- Summarize the two stated methods of self-correction under EPCRS if the 12-month correction period has passed for ADP and ACP testing.
- Describe the factors affecting IRS fees and sanctions under EPCRS.
- Analyze a fact pattern and recommend a correction program under EPCRS.
- Discuss the purpose, requirements and applicable penalties of the DFVC program.
- Identify fiduciary breaches that can be corrected under the VFC program.
- Discuss the deposit timing requirements and the appropriate correction when deposits are not made timely.
- Analyze a fact pattern and apply the ASPPA Code of Professional Conduct.

### Exam Weighting

This topic will comprise approximately 8% of the examination.

## Topic 8: Plan Design

### Overview

Central to the concept of pension consulting is the ability to craft a plan design or combination of plan designs best suited to satisfying the client's present and future benefit objectives. This topic's material covers plan design issues, including the use of hybrid plans such as cash balance plans, and times when less common plan designs like ESOPs should be considered.

### Learning Objectives

The successful candidate will be able to:

- Differentiate between a cash balance plan, a traditional defined benefit plan and a defined contribution plan.
- Identify situations where a defined benefit plan is more appropriate than a defined contribution plan.
- Explain why a plan sponsor might choose a cash balance plan instead of a traditional defined benefit plan.
- Discuss the effect of census changes on a small plan with a new comparability design.
- Discuss the requirements for plans that reduce or cease future benefit accruals.
- Discuss the primary objectives of establishing nonqualified plans.
- Discuss the advantages/disadvantages of the different types of plans.
- Analyze a specific employer situation and recommend the most appropriate plan type(s).
- Recommend plan provisions based on the plan sponsor's objectives and apply the ASPPA Code of Conduct.

### Exam Weighting

This topic will comprise approximately 18% of the examination.

# ARA Code of Professional Conduct



## Purpose

The purpose of this Code of Professional Conduct (“Code”) is to identify the professional and ethical standards with which a Member must comply, in order to fulfill the Member’s responsibility to the American Retirement Association and its affiliate organizations, other Members, and the public. Members are required to adhere to the high standards of conduct, practice, and qualification set forth in this Code.

## Definitions

**Actuary:** an individual who is a Member of the American Retirement Association and holds an MSPA or FSPA from the ASPPA College of Pension Actuaries or an actuarial credential from another organization that is a member of the International Actuarial Association (IAA) or is an enrolled actuary in good standing with the Joint Board for the Enrollment of Actuaries.

**Advertising:** all communications by whatever medium, including oral communications, which may directly or indirectly influence any person or organization to decide whether there is a need for Professional Services or to select a specific person or firm to perform such services.

**Confidential Information:** information not in the public domain of which the Member becomes aware during the course of rendering Professional Services to a Principal. It may include information of a proprietary nature, information which is legally restricted from circulation, or information which the Member has reason to believe that the Principal would not wish to be divulged.

**Credential:** a membership designation (e.g., Certified Pension Consultant; Member, Society of Pension Actuaries; or Associated Professional Member) conferred by American Retirement Association.

**Law:** statutes, regulations, judicial decisions, and other statements having legally binding authority.

**Member:** an individual who is a Member of American Retirement Association or any affiliate organization of American Retirement Association.

**Principal:** any present or prospective client of a Member or the employer of a Member where the Member provides retirement plan services for their employer’s plan.

**Professional Communication:** a written, electronic or oral communication issued by a Member with respect to Professional Services.

**Professional Services:** services provided to a Principal by a Member, including the rendering of advice, recommendations, findings, or opinions related to a retirement or other employee benefit plan.

**Titles:** leadership positions, volunteer experience, awards and other honors conferred by American Retirement Association.

**Advertising**

Member shall not engage in any Advertising with respect to Professional Services that the Member knows or is reasonably expected to know are false.

**Communications**

A Member who issues a Professional Communication shall take appropriate steps to ensure that the Professional Communication is appropriate to the circumstances and its intended audience.

**Compliance**

A Member shall be knowledgeable about this Code, keep current with Code revisions and abide by its provisions. Laws may impose binding obligations on a Member. This Code is not intended to supplant, contradict or supersede Law (e.g., Circular 230) or other Codes of Conduct that establish professional standards for Members in the rendition of Professional Services and that have been sanctioned by the federal or a state government. Where the requirements of Law or such governmentally-sanctioned Codes conflict with this Code, the requirements of Law or such governmentally-sanctioned Codes take precedence.

**Confidentiality**

A Member shall not disclose to another party any Confidential Information obtained in rendering Professional Services for a Principal unless authorized to do so by the Principal or required to do so by Law.

**Conflicts of Interest**

A Member shall not perform Professional Services involving an actual conflict of interest unless:

- The Member's ability to act fairly is unimpaired; and
- There has been full disclosure of the conflict to the Principal(s); and
- All Principals have expressly agreed to the performance of the services by the Member.

If the Member is aware of any significant conflict between the interests of a Principal and the interests of another party, the Member should advise the Principal of the conflict and include appropriate qualifications or disclosures in any related communication.

**Control of Work Product**

A Member shall not perform Professional Services when the Member has reason to believe that they may be altered in a material way or may be used to violate or evade the Law. The Member should recognize the risk that materials prepared by the Member could be misquoted, misinterpreted or otherwise misused by another party to influence the actions of a third party and should take reasonable steps to ensure that the material is presented fairly and that the sources of the material are identified.

**Courtesy and Cooperation**

A Member shall perform Professional Services with courtesy and shall cooperate with others in the Principal's interest.

A. Principal has an indisputable right to choose a professional advisor. A Member may provide service to any Principal who requests it even though such Principal is being or has been served by another professional in the same manner.

B. When a Principal has given consent for a new or additional professional to consult with a Member with respect to a matter for which the Member is providing or has provided Professional



Services, the Member shall cooperate in assembling and transmitting pertinent data and documents, subject to receiving reasonable compensation for the work required to do so. In accordance with Circular 230, the Member shall promptly, at the request of the Principal, return any and all records of the Principal that are necessary for the Principal to comply with federal tax Law, even if the Member is not subject to Circular 230. The existence of a fee dispute generally does not relieve the Member of this responsibility except to the extent permitted by applicable state Law. The Member need not provide any items of a proprietary nature or work product for which the Member has not been compensated.

### **Disclosure**

A Member shall make full and timely disclosure to a present or prospective Principal of all sources of direct or indirect material compensation or other material consideration that the Member or the Member's firm has received or may receive in relation to an assignment for such Principal. The disclosure of sources of material compensation or consideration that the Member's firm has received, or may receive, is limited to those sources known to, or reasonably ascertainable by, the Member.

### **Professional Integrity**

A Member shall perform Professional Services, and shall take reasonable steps to ensure that Professional Services rendered under the Member's supervision are performed, with honesty, integrity, skill and care. A Member has an obligation to observe standards of professional conduct in the course of providing advice, recommendations and other services performed for a Principal. A Member who pleads guilty to or is found guilty of any misdemeanor related to financial matters or any felony shall be presumed to have contravened this Code and shall be subject to American Retirement Association's counseling and disciplinary procedures.

### **Qualification Standards**

A Member shall render opinions or advice, or perform Professional Services, only when qualified to do so based on education, training and experience.

### **Titles and Credentials**

A Member shall make truthful use of the membership Titles and Credentials of ARA to which the Member is entitled, and only where that use conforms to the practices authorized by American Retirement Association, and its affiliate organizations. A Member who is not an Actuary as defined in section 1 of this Code shall not professionally represent to the public to be an actuary or knowingly allow such misrepresentation by others.

### **Additional Obligations**

A Member whose professional conduct is regulated by another membership organization shall abide by the professional Code of Conduct (or similar rules) of such organization. For example, a Member who is an actuary shall also abide by the Code of Professional Conduct for actuaries.

A Member shall respond promptly in writing to any communication received from a person duly authorized by American Retirement Association to obtain information or assistance regarding a Member's possible violation of this Code. The Member's responsibility to respond shall be subject to Section 5 of this Code, "Confidentiality," and any other confidentiality requirements imposed by Law. In the absence of a full and timely response, American Retirement Association may resolve such possible violations based on available information.

Suspension and or revocation of designations due to actual or reported violation of the ARA Code of Conduct is addressed in the ARA Code of Conduct Disciplinary Procedures.

## Education Standards of Conduct

ASPPA's Retirement Plan Academy (RPA) is committed to treating all candidates fairly and equitably during the examination process. Any irregularity or suspected violation of examination rules will be investigated and may result in disciplinary action.

Candidates are prohibited from the following during exams:

- Giving or receiving assistance of any kind during the examination
- Cheating, any attempt to cheat, or assisting others in efforts to cheat or participating in cheating activities
- Engaging in improper conduct, such as:
  - Arranging for another person to take an examination for the candidate
  - Disclosing the contents of an examination to any other person
  - Presenting false information on an examination application
  - Failing to follow examination instructions
  - Looking at and/or copying the answers of any other candidate during the examination
  - Gaining access to examination questions before an examination
  - Having access to or consulting notes or books during the examination
  - Copying questions and answers
  - Consulting other persons outside the examination during the examination