

DB Study Guide: Administrative Issues of Defined Benefit Plans, 2010 Edition

Date Added	Page	Currently Reads	Should Read
4/1/2010	Introduction, Page xvi, Question 8	The DB examination includes calculations, so bring a calculator to the examination. A calculator notice that describes the allowable calculator types is posted on the ASPPA Web site at www.asppa.org .	The DB examination includes calculations. Candidate calculators will NOT be allowed in to Prometric Testing Centers. Candidates will be able to use an onscreen calculator provided during the exam. Prometric will furnish onsite, if requested and available, a handheld calculator. An example of the onscreen calculator provided by Prometric and/or examples of available Prometric handheld calculators can be found on Candidate Corner at www.asppa.org/candidate-corner .
5/29/2010	305	Question 8 is False with an explanation.	Question 8 is True and the explanation is removed.
6/3/2010	314 Section I.A.2	Must be given...resulting in a nine day requirement.	Must be given...resulting in at least a 7 day requirement.
9/19/2010	25 Self-Test Question 6 Solution	..has never employed more than 25 people since the passage of ERISA.	...has never employed more than 25 active participants since the passage of ERISA.
9/19/2010	49 Problem 3C	It had been proposed to eliminate the 50% and 75% survivor annuity. (Note that PPA has made the 75% survivor annuity mandatory.)	Deleted in it's entirety
9/19/2010	52 Problem 3C	An amendment that eliminates the 50% and 75%	Deleted in it's entirety

		survivor annuity is not a violation of the anti-cutback rules. The smallest and the largest survivor options are still available. This is true even though the QJSA option will have to change to the 100% survivor option, as will the Qualified Preretirement Survivor Annuity (QPSA) .	
9/19/2010	72 Self Test Questions 8 and 9 solution	<p>8. This fails the requirement since 4.25 % is more then 33 % greater than 3 %.</p> <p>9. This fails the requirement since the second 3 % is more than 33 % greater than 2 %.</p>	<p>8. This fails the requirement since 4.25 % is more then 133 % greater than 3 %.</p> <p>9. This fails the requirement since the second 3 % is more than 133 % greater than 2 %.</p>
9/19/2010	72 Self Test Questions 13	13. Contributions are made on an after-tax basis.	13. Contributions are limited by the IRC Section 415 annual addition rules.
10/08/2010	74 Sample Test Question 10	<p>10. The correct answer is C.</p> <p>$\\$50,000 \times 2\% \times 5 \text{ years} = \\$5,000$</p>	<p>10. The correct answer is C. Since the plan is top-heavy, the accrued benefit is the larger of the top-heavy benefit or the formula benefit. The top-heavy benefit is: $\\$50,000 \times 2\% \times 5 \text{ years} = \\$5,000$. The formula benefit is $25\% * \\$60,000 * 5 / 20 = \\$3,750$. The larger of the two is \$5,000.</p>
10/08/2010	74 Sample Test Question 11	<p>11. The correct answer is D.</p> <p>12/31/2008 PVBs are used to determine top heaviness for the 2009 plan year. The determination date is the last day of the previous plan year. So to determine top-</p>	<p>11. The correct answer is D.</p> <p>12/31/2007 PVBs are used to determine top heaviness for the 2009 plan year. The determination date is the last day of the previous</p>

		<p>heavy status for the 2009 plan year the determination date is 12/31/2008. Therefore the correct answer is C.</p> $88\% = \frac{(\$85,000 + \$98,000)}{(\$85,000 + \$98,000 + \$23,000 + \$3,000)}$	<p>plan year. You then choose a valuation date within 12 months of that which is 12/31/2007. So to determine top-heavy status for the 2009 plan year the valuation date is 12/31/2007. Therefore the correct answer is D.</p> $90\% = \frac{(\$90,000 + \$90,000)}{(\$90,000 + \$90,000 + \$20,000)}$
10/17/2010	43 V.A.	<p>A. A defined benefit plan is top-heavy if, on the determination date, the present value of accrued benefits of all key employees (as defined below) exceeds 60 percent of the present value of accrued benefits of all employees.</p>	<p>A. A defined benefit plan is top-heavy if, as of the determination date, the present value of accrued benefits of all key employees (as defined below) exceeds 60 percent of the present value of accrued benefits of all employees. The present value of accrued benefits is determined as of a valuation date within the 12 month period ending on the determination date. For example, if the valuation date is beginning of year and you are testing the 2010 year, a valuation as of 1/1/2009 is used.</p>

*Note: blank line spaces should not be counted.