

DB: Administrative Issues of Defined Benefit Plans 2011 Practice Examination Errata

The following changes have been incorporated into the current practice examination. If you purchased and downloaded the practice examination PDF prior to the date(s) identified below, the following errata apply. It is the candidate's responsibility to check this document regularly for any updates prior to completing the practice examination.

Downloaded prior to May 31, 2011

Date Added	Question	Currently Reads	Should Read
5/31/2011	5: Foil III	The lower the age that the participant commences the benefit payment, the lower the present value.	The lower the age, for a given benefit amount, that the participant commences the benefit payment, the lower the present value.
5/31/2011	12: Extra bullet point added		<ul style="list-style-type: none"> • Unit credit accrual
5/31/2011	17: Foils I and III	I. An actuarial gain is likely to be created if more participants die in their first few years of employment than assumed in the mortality assumption. III. An actuarial gain is likely to be created if earnings on plan investments are less than the pre-retirement interest assumption.	I. Changing the mortality table to one that has longer life expectancy leads to higher present value. III. Changing the interest rate does not affect present value.
5/31/2011	17: Answer Key	17.C If the fund's earnings are less than expected, the asset value will be lower than usual. This casues an actuarial loss. (Syllabus Topic 3)	17.C The interest rate has a large affect on present value because that number is being used to divide all future benefit payments. (Syllabus Topic 3)
5/31/2011	20: Foil II	II. The normal form of benefit is a life annuity.	II. The normal form of benefit is always a life annuity.
5/31/2011	26: Answer explanation	An active participant who terminates employment prior to retirement that is	After a participant terminates from employment, the cash balance account

		vested retains account balance interest credits to the payment date. (Syllabus Topic 4)	accrues with interest to retirement date. (Syllabus Topic 4)
5/31/2011	45: Foil II	II. The Ratio Percentage Test is used to test the plan for benefits, rights and features.	II. A plan may require testing if some participants were given different early retirement factors than others.
5/31/2011	51: B	B. Plan's with normal form of benefit of 10 year certain and life annuity must adjust maximum disparity.	B. Some plans with a normal form of benefit different than a life annuity must adjust maximum disparity.
5/31/2011	60: Foil III	III. If FTAP is less than 100% and the credit balance decreases, the AFTAP increases.	III. AFTAP levels are used to determine if a plan is subject to benefit restrictions.