

DB Study Guide: Administrative Issues of Defined Benefit Plans, 2011 Edition

Date Added	Page	Currently Reads	Should Read
11/24/2011	265/Chapter 10	Question 8 is False with an explanation.	Question 8 is True and the explanation is removed.
10/01/2011	68 Sample Test Question 10	10. The correct answer is C. $\$50,000 \times 2\% \times 5 \text{ years} = \$5,000$	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.
10/01/2011	60 Sample Test Question 11	11. The correct answer is D. 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-heavy status for the 2009 plan year the determination date is 12/31/2008. Therefore the correct answer is C. $88\% = \frac{(\$85,000 + \$98,000)}{(\$85,000 + \$98,000 + \$23,000 + \$3,000)}$	11. The correct answer is D. 1/1/2008 PVBs are used to determine top heaviness for the 2009 plan year. The determination date is the last day of the previous plan year. You then choose a valuation date within 12 months of that which is 1/1/2008. So to determine top-heavy status for the 2009 plan year the valuation date is 1/1/2008. Therefore the correct answer is D. $90\% = \frac{(\$90,000 + \$90,000)}{\dots}$

			(\$90,000+\$90,000+\$20,000)				
10/01/2011	39V.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>		
11/16/2011	60. Sample Test Question 11	All Employees	PVAB as of 12/31/2007	PVAB as of 12/31/2008	All Employees	PVAB as of 1/1/2008	PVAB as of 1/1/2009