



2010 TGPC-1: Tax-Exempt & Governmental Plan Administration Examination Version 2

Examination Completion Deadline: December 15, 2010 {midnight ET}

Examinations must be completed online (www.asppa.org). TGPC-1 examination requires a \$170 registration fee that includes instant scoring and feedback. **The deadline for completing the TGPC-1 examination is midnight Eastern Time on December 15, 2010.** ASPPA registration fees are nonrefundable.

1. Register online at www.asppa.org/tgpc1 for the TGPC-1 online examination. Provide credit card information to pay for the exam and instant scoring.
2. Be sure to select the applicable exam version (TGPC-1 version 1 or version 2). You may choose either one. They are equivalent exams.
3. Once registered, you will be able to access your online exam by clicking on Access Exams and Quizzes link (www.asppa.org/access-exams-and-quizzes) on the right hand side of the Education & Examination page of the ASPPA Web site.
4. The exam is open book.
5. There is no time requirement for completing the exam other than the submission deadline discussed above. You may complete a portion of the exam, log out, and return to the exam at another time to complete it; any answers you've entered will be saved. To resume the exam, simply log back into your account, access the examination and choose the "Review Unanswered Questions" option.
6. **There may be updates to the 2010 exam or text.** It is advised that you visit and review the errata postings at www.asppa.org/errata **before beginning your exam and before submitting your examination.** Also, common abbreviations, Internal Revenue Code definitions and a 3-Year COLA summary are also available on the errata posting page. Please review before beginning and submitting your examination.
7. Upon completion and submission of the exam, you will receive a score and test result report online. You will also be provided with a link to complete a survey. Please take a moment to complete this short survey after printing your score and test results.
8. **A score of 64 or more out of 75 indicates the successful completion of the exam.**
9. Your test results will appear on the 'Summary' page. Print this page for your records.
10. You may review the questions and your responses by selecting the 'See Test Results' option. It is **strongly recommended** that you print the results for your records. ASPPA will NOT be able to provide this summary at a later date.
11. After successful completion of the examination, you will be automatically issued ASPPA's Tax-Exempt & Governmental Plan Administration Certificate (available online at the conclusion of your exam on the exam Summary page). **Please make sure to print the official certificate to keep for your records or display purposes.**
12. ASPPA's Education & Examination (E&E) Committee appreciates and welcomes candidate comments to continually improve our educational offerings. If a candidate wishes to have a submitted examination/module question, webcourse assessment, practice examination question, or specific content within an ASPPA examination related publication reviewed the candidate should review the ASPPA Examination & Publication Candidate Inquiry Policy available at www.asppa.org/candidateinquiry.

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TRUE/FALSE

1. Tax-exempt employers may only offer 457(b) plans to a select group of highly compensated employees that meet the IRC definition of highly compensated employees.
 - A. True
 - B. False

2. The final 403(b) regulations have significantly changed how ERISA 403(b) plans operate, but have little effect on 403(b) plans offered by public education organizations.
 - A. True
 - B. False

3. There are no IRC withdrawal restrictions on pre-1989 account values derived from elective deferrals to a 403(b)(1) annuity contract.
 - A. True
 - B. False

4. Nondiscrimination rules do not apply to governmental plans but do apply to non-electing IRC §3121(w)(3)(A)(B) church plans.
 - A. True
 - B. False

5. An organization files an IRS Form 1023 to obtain a Letter of Determination that will identify under which section of the Code the organization qualifies as a tax-exempt organization.
 - A. True
 - B. False

6. The final 403(b) regulations have reconfirmed the position that public schools offering 403(b) plans do not have the responsibility to coordinate or monitor loans for their plans.
 - A. True
 - B. False

7. A governmental 457(b) plan must allow all employees to participate.
 - A. True
 - B. False

8. The qualified joint and survivor annuity rules do not apply if a participant's vested account balance is less than \$5,000.
 - A. True
 - B. False

9. A Qualified Church Controlled Organization (QCCO) is required to file a Form 5500.
 - A. True
 - B. False

10. Form W-2 is issued to participants who take distributions from a 457(b) plan sponsored by a tax-exempt entity.
 - A. True
 - B. False

MULTIPLE CHOICE

11. All of the following statements regarding characteristics of a governmental 457(b) plan are **TRUE, EXCEPT:**
- A. QDRO distribution rules are applicable to governmental 457(b) plans.
 - B. Governmental entities may offer participation to independent contractors who are performing services for the entity.
 - C. Participants may use the age 50 catch-up provision and the final 3 year catch-up limit in the same year.
 - D. Generally, compensation may be deferred for any calendar month only if a salary reduction agreement has been executed before the first day of the month.
 - E. Plan assets must be held in an annuity contract, custodial account or trust.
12. All of the following provisions are required to be included in a 403(b) plan document, **EXCEPT:**
- A. Eligibility for participation
 - B. Benefits provided under the plan
 - C. Contribution limitations
 - D. Loan provisions
 - E. Distribution options
13. All of the following statements regarding characteristics of a 457(b) plan sponsored by a tax-exempt organization are **TRUE, EXCEPT:**
- A. Plan assets may be invested in stocks and bonds.
 - B. The irrevocable election requirements do not apply.
 - C. Plan assets must be held in the employer's name subject to the creditors of the employer.
 - D. A catch up contribution is available in the three-year period ending in the year before the normal retirement date.
 - E. The annual elective deferral limit cannot be increased for participants who are age 50 or older during the tax year.

14. Which of the following statements regarding elective deferral limits is/are **TRUE**?
- I. Governmental 457(b) elective deferrals are combined with 401(k) elective deferral limits.
 - II. Governmental 457(b) elective deferrals are not combined with 403(b) elective deferral limits.
 - III. Employees who are age 50 and eligible to participate in both a 403(b) and a governmental 457(b) plan may contribute \$22,000 (2009) into each plan, for a total of \$44,000.
- A. I only
 - B. II only
 - C. I and III only
 - D. II and III only
 - E. I, II and III
15. All of the following statements regarding the reporting and withholding requirements of elective deferrals in a 403(b) plan are **TRUE, EXCEPT**:
- A. Pre-tax elective deferrals are reported on the participant's Form W-2 using a special code for 403(b) contributions.
 - B. Designated Roth 403(b) contributions are subject to federal tax withholding.
 - C. Designated Roth 403(b) contributions are not subject to state tax withholding.
 - D. Pre-tax elective deferrals are subject to FICA and Medicare taxes.
 - E. Pre-tax elective deferrals are not subject to federal tax withholding.
16. All of the following describe optional plan features that a plan sponsor may choose to include in a 403(b) plan document, **EXCEPT**:
- A. Contribution limits
 - B. Catch-up contributions
 - C. Designated Roth contributions
 - D. In-service withdrawals
 - E. Participant loans

17. All of the following describe distributable events that allow the withdrawal of elective deferrals from a participant's 403(b) plan, **EXCEPT**:
- A. IRS levy
 - B. Attainment of age 59½
 - C. Severance from employment
 - D. Death
 - E. Participant is 100% vested in his or her account
18. Which of the following is/are tax-free transfers in accordance with the final 403(b) regulations?
- I. Transfer of 403(b) values used to purchase years of service in a state retirement system defined benefit pension plan
 - II. Transfer of 403(b) accounts as outlined in Rev. Ruling 90-24
 - III. Transfer of a participant's 403(b) account from one employer's 403(b) plan to a different employer's 403(b) plan
- A. I only
 - B. II only
 - C. I and III only
 - D. II and III only
 - E. I, II and III
19. ASPPA members must conduct their business so that they meet the high standard of professional integrity as stated in the ASPPA Code of Professional Conduct. According to that Code, all of the following statements are **TRUE, EXCEPT**:
- A. A member is expected to keep up to date with the ASPPA Code of Professional Conduct regulations and abide by these regulations.
 - B. A member found guilty of any misdemeanor relating to financial matters would be immediately expelled from ASPPA.
 - C. A member shall render advice or perform professional services only when qualified to do so.
 - D. A member must make timely and complete disclosure of all sources of compensation or other material consideration received as it relates to a client's services.
 - E. A member cannot disclose confidential information unless authorized to do so by the client or by a court order.

20. All of the following statements regarding the 15 year catch-up provision in 403(b) plans are **TRUE, EXCEPT:**
- A. The total catch-up amount used by an employee with the current employer cannot exceed \$10,000.
 - B. Private educational institutions may offer this catch-up provision.
 - C. The provision allows employees of certain types of organizations to contribute up to an additional \$3,000 above the applicable elective deferral limitation.
 - D. The provision may be offered only if it is included in the employer's plan document.
 - E. The provision requires that the employee complete a minimum of 15 years of service with the current employer.
21. ASPPA members must conduct their business so that they meet the high standard of professional integrity as stated in the ASPPA Code of Professional Conduct. According to that Code, all of the following actions would be acceptable, **EXCEPT:**
- A. A member with the appropriate experience and training presents potential plan designs to a client.
 - B. A member discusses other clients' fees with a long standing client so that the client is assured that his or her fees are reasonable.
 - C. A member discusses the plan sponsor's responsibilities to the human resources director.
 - D. A member gives a client the latest information regarding the increased contribution limits for the upcoming year.
 - E. A member who holds a Series 7 securities license offers to meet with plan participants to explain the plan provisions and investment choices.

22. Which of the following statements regarding RMD requirements from 403(b) plans is/are **TRUE**?
- I. If a participant does not take an RMD, the account will be disqualified and become immediately taxable.
 - II. Generally, RMDs must commence no later than April 1 of the year following the later of attaining age 70½ or the date the participant severs service with the employer sponsoring the 403(b) plan.
 - III. When the 12/31/86 account value has been separately tracked, the required beginning date for this separately tracked account is the later of the date the participant severs service or attains age 75.
- A. I only
 - B. II only
 - C. I and III only
 - D. II and III only
 - E. I, II and III
23. All of the following individuals must be bonded when working with an ERISA 403(b) plan, **EXCEPT**:
- A. Plan fiduciary
 - B. Financial professional who meets with participants to provide investment education
 - C. Financial professional who manages the plan assets
 - D. Named trustee
 - E. Individuals who work for the plan sponsor and handle plan assets
24. All of the following are distributable events in a governmental 457(b) plan, **EXCEPT**:
- A. Participant has two years of service with the employer
 - B. Death
 - C. One-time in-service small account distribution
 - D. Attainment of age 70½
 - E. Plan termination

25. All of the following statements regarding the controlled group rules on tax-exempt organizations are **TRUE, EXCEPT**:
- A. Generally, two or more tax exempt organizations will form a controlled group if 80% or more of the directors or trustees of each organization are also controlled by the other organization.
 - B. Controlled group rules do not apply to QCCOs.
 - C. A director is “controlled” by another organization if the organization has the power to remove such director and designate a new director.
 - D. An organization may not be permissively aggregated with another tax-exempt organization unless they satisfy the common control test.
 - E. Controlled group rules are applicable when determining IRC §415 limits.
26. Which of the following statements regarding involuntary cash-outs from 403(b) plans is/are **TRUE**?
- I. If a participant has more than \$5,000 in his vested account, he or she cannot be required to receive a distribution unless the participant consents to it.
 - II. Distributions of \$1,000 or less may be distributed directly to the employee if the 403(b) plan permits.
 - III. The DOL has established a safe harbor procedure that reduces the fiduciary liability that may result from selecting the IRA into which the mandatory rollover is deposited.
- A. I only
 - B. II only
 - C. I and III only
 - D. II and III only
 - E. I, II and III

27. All of the following statements regarding information sharing agreements are **TRUE, EXCEPT:**
- A. A model information sharing agreement has been developed in the industry to help streamline the compliance process.
 - B. Information sharing agreements are not required unless a 403(b) plan is utilizing more than three vendors.
 - C. Information sharing agreements are used by employers to coordinate compliance activities with multiple vendors.
 - D. An exchange may be made if the vendor accepting the exchange enters into an agreement to share information with the employer.
 - E. During the “transition period”, an exchange could only occur if the receiving vendor either had a payroll slot or executed an information sharing agreement with the employer sponsoring the 403(b).
28. All of the following statements regarding characteristics of both ERISA 403(b) plans and ERISA IRC §401(a) plans are **TRUE, EXCEPT:**
- A. IRC §501(c)(3) organizations may sponsor both ERISA 403(b) plans and IRC §401(a) plans.
 - B. Plans may exclude nonresident aliens from plan participation.
 - C. Participants may be subject to a one year waiting period to receive employer contributions.
 - D. The plan document may contain a provision that imposes maximum age requirements for receiving employer contributions.
 - E. Plan sponsors are required to obtain an ERISA fidelity bond.
29. All of the following describe employers, whose plans are statutorily exempt from ERISA, **EXCEPT:**
- A. Public university
 - B. Church as defined in ERISA §3(33)
 - C. Synagogue
 - D. United Way agency
 - E. State police

30. Which of the following is/are types of pre-2009 403(b) accounts that do not have to be included in the employer's 403(b) plan?
- I. Accounts properly transferred under Rev. Rul. 90-24 on or before September 24, 2007
 - II. Account exchanged to another 403(b) account on and after September 25, 2007 and before January 1, 2009 to a provider that has entered into an information sharing agreement with the employer
 - III. Account held by a current employee with a product provider that did not receive payroll contributions for any employee on or after January 1, 2005 and is not included under the employer's plan as of January 1, 2009
- A. I only
 - B. II only
 - C. I and III only
 - D. II and III only
 - E. I, II and III
31. All of the following are types of information and materials that must be provided to participants in ERISA 403(b) plans, **EXCEPT**:
- A. Summary Annual Report (SAR)
 - B. Projected benefit at normal retirement age
 - C. Statement of participant's rights under ERISA
 - D. Plan's vesting requirements
 - E. Summary Plan Description (SPD)
32. All of the following statements describe activities that may cause a 403(b) plan sponsored by a non-church related IRC §501(c)(3) employer to be subject to ERISA, **EXCEPT**:
- A. Plan sponsor certifies hardship withdrawals.
 - B. Employees are required to participate in the plan.
 - C. Plan sponsor makes discretionary decisions regarding the plan.
 - D. Plan sponsor allows providers to publicize their products to employees.
 - E. Plan sponsor determines if an order is a QDRO.

33. All of the following statements regarding transfers and 457(b) plans are **TRUE**, **EXCEPT**:
- A. Transfers between two 457(b) plans sponsored by tax-exempt entities are permitted.
 - B. Transfers may be made to another governmental 457(b) plan sponsored by the same employer prior to a participant's severance from service.
 - C. Transfers between a tax-exempt and a governmental 457(b) plan are permitted.
 - D. Transfers between two governmental 457(b) plans are permitted.
 - E. After severance from service, a participant may transfer a governmental 457(b) account into the 457(b) plan of the current governmental employer.
34. Based on the following information, which of the statements regarding contribution deadlines in an ERISA 403(b) plan is/are **TRUE**?
- The 403(b) plan has a December 31 plan year end.
 - The plan sponsor has a December 31 fiscal year end.
 - The current plan year is 2009.
 - The plan has 120 employees actively participating.
 - The organization has just processed the May 15, 2009 payroll, including elective deferrals.
 - The 403(b) plan offers both employer matching and employer discretionary contributions.
- I. Elective deferrals must be deposited as soon as administratively feasible, but not later than on or before June 15, 2009.
 - II. Employer matching contributions must be deposited no later than on or before September 15, 2010.
 - III. Employer discretionary contributions must be deposited no later than on or before December 31, 2010.
- A. I only
 - B. II only
 - C. I and III only
 - D. II and III only
 - E. I, II and III

35. All of the following statements regarding the irrevocable election requirements of eligible 457 plans are **TRUE, EXCEPT**:
- A. Participants in a 457(b) plan sponsored by a tax-exempt entity may be permitted to elect when distributions may begin.
 - B. Governmental 457(b) plans are not subject to these requirements.
 - C. Participants always have the right to change their election at age 65.
 - D. 457(b) plan documents of tax-exempt entities must state a fixed or clearly identifiable time or event that triggers the participant's right to receive distributions.
 - E. The irrevocable election requirements are necessary in 457(b) plans sponsored by tax-exempt entities in order to avoid constructive receipt.
36. All of the following may be included in a 403(b) plan as distributable events of employer contributions, **EXCEPT**:
- A. Death
 - B. Age 59½
 - C. Qualifying hardship distribution
 - D. Rollover of 403(b) account to an IRA
 - E. Participant has two years of service with the employer
37. All of the following statements regarding the annual meaningful notice requirement in 403(b) plans are **TRUE, EXCEPT**:
- A. The final 403(b) regulations require an annual meaningful opportunity be provided for eligible employees to enroll or make changes.
 - B. "Steeple" churches are not required to give their employees the annual meaningful notice.
 - C. The annual meaningful notice requirement may be satisfied through announcements in group meetings.
 - D. The annual meaningful notice requirement may be satisfied through a payroll staffer.
 - E. Public education organizations are not required to give their employees the annual meaningful notice.

38. Which of the following statements regarding functions performed by non-church related IRC §501(c)(3) employers is/are **TRUE**?
- I. Employers who provide information regarding a QDRO to a vendor, but do not determine whether a DRO is a QDRO will not subject their plans to ERISA.
 - II. Employers who determine whether a participant is entitled to a hardship distribution will subject their plans to ERISA.
 - III. Employers who approve loans and administer their loan programs will subject their plans to ERISA.
- A. I only
 - B. II only
 - C. I and III only
 - D. II and III only
 - E. I, II and III
39. All of the following statements regarding requirements that a non-church related IRC §501(c)(3) employer's 403(b) plan must satisfy to be exempt from ERISA are **TRUE, EXCEPT**:
- A. Rights under the 403(b) plan must be enforceable solely by the employee, his or her beneficiary, or by an authorized representative of the employee or beneficiary.
 - B. Elective deferrals are permitted, employer contributions are not.
 - C. Plan sponsor involvement must be restricted to certain activities.
 - D. Plan sponsor may provide factual information regarding a participant's employment status to a provider.
 - E. Plan sponsor may determine transfer or exchange rights of the participants.
40. All of the following statements regarding includible compensation in a 403(b) plan are **TRUE, EXCEPT**:
- A. Participants may defer an amount greater than their includible compensation as long as it does not exceed the IRC §402(g) limit.
 - B. Includible compensation for a mid-year retiree will include the portion of the previous year's income necessary to capture a full 12 months of salary.
 - C. IRC §415(c) imposes a limitation equal to the lesser of 100% of an employee's includible compensation or the annual dollar limitation in effect for the year.
 - D. Includible compensation includes amounts attributable to bonuses and overtime.
 - E. Includible compensation includes all amounts earned in the most recent period of 12 months of service, reduced by mandatory pre-tax contributions made to other plans of the employer.

41. All of the following statements regarding characteristics of both ERISA 403(b) plans and ERISA IRC §401(a) plans are **TRUE, EXCEPT**:
- A. Six year graded vesting schedule may be used.
 - B. Form 5500 must be filed on an annual basis.
 - C. A specific class of employees may be excluded from plan participation if IRC §410(b) coverage testing is satisfied.
 - D. Participants may be subject to a two year waiting period to receive employer contributions.
 - E. Participant loans may be permitted.
42. Which of the following statements regarding non-ERISA 403(b) plans being subject to creditors is/are **TRUE**?
- I. A participant should continue to repay a plan loan during his or her bankruptcy.
 - II. General creditors of an individual do not have access to a participant's account prior to the filing for individual bankruptcy.
 - III. A participant's account is protected in the event of individual bankruptcy.
- A. I only
 - B. II only
 - C. I and III only
 - D. II and III only
 - E. I, II and III
43. All of the following statements regarding the differences between tax-exempt and governmental 457(b) plans are **TRUE, EXCEPT**:
- A. Governmental 457(b) plan assets are generally held in a trust; tax-exempt 457(b) plan assets are held in the employer's name.
 - B. Governmental 457(b) plans are subject to maximum contribution limits; tax-exempt 457(b) plans are not subject to maximum contribution limits.
 - C. Governmental 457(b) plan sponsors may choose which employees may participate; generally, tax-exempt 457(b) plan sponsors may allow only highly compensated employees and key management to participate.
 - D. Governmental 457(b) plans are protected from the employer's general creditors; tax-exempt 457(b) plans are subject to the creditors of the employer.
 - E. Distributions from governmental 457(b) plans may be rolled over to IRAs; distributions from tax-exempt 457(b) plans may not be rolled over to IRAs.

44. All of the following are requirements that may apply to an ERISA 403(b) plan but not to a non-ERISA 403(b) plan sponsored by a non-church related IRC §501(c)(3) entity, **EXCEPT:**
- A. Vesting rules for employer contributions
 - B. Universal availability requirements
 - C. SAR must be distributed to participants and beneficiaries
 - D. Qualified Joint and Survivor requirements
 - E. Performing the ACP test
45. All of the following statements regarding 403(b) plan termination are **TRUE, EXCEPT:**
- A. Plan assets must be distributed as soon as practicable, but within a reasonable period of time.
 - B. An employer may freeze a 403(b) plan prior to plan termination.
 - C. Before employers terminate their 403(b) plans, they should verify that all annuity contracts and custodial accounts permit distribution due to plan termination.
 - D. Terminating a non-ERISA 403(b) plan is a quick process as each participant has the right to terminate his or her own “plan” and receive the proceeds from the account.
 - E. The final 403(b) regulations provide that distributions may be made upon plan termination, if certain requirements are met.
46. Which of the following is/are services that a Third Party Administrator may provide for a 403(b) plan?
- I. Prepare plan documents
 - II. Calculate and monitor contribution limits
 - III. Prepare Forms 1099-R
- A. I only
 - B. II only
 - C. I and III only
 - D. II and III only
 - E. I, II and III

47. All of the following are types of investment and insurance options that may be offered in a 403(b) plan, **EXCEPT**:
- A. Annuities
 - B. Bond mutual funds
 - C. Large cap mutual funds
 - D. Stable value funds
 - E. Company stock
48. All of the following statements regarding the contribution rules of a governmental 457(b) plan are **TRUE, EXCEPT**:
- A. Excess contributions must be distributed to the participant by March 15th of the year following the calendar year in which the excess contribution was made.
 - B. Catch-up contributions may be available to participants who are age 50 or older.
 - C. A participant must have includible compensation to make elective deferrals into the plan.
 - D. Catch-up contributions may be available during the three years ending before the year in which the participant reaches his normal retirement date.
 - E. A participant may not be credited with contributions that exceed 100% of includible compensation or the applicable limit for the year, unless a catch-up limit applies.
49. All of the following statements regarding purchasing service credits in a state retirement system's defined benefit plan are **TRUE, EXCEPT**:
- A. A participant does not need to have a qualifying event to purchase service credits.
 - B. The employer's defined benefit plan must permit the purchase of service credits.
 - C. Many state retirement systems allow participants to transfer 403(b) and governmental 457(b) account values to purchase service credits in their defined benefit plans.
 - D. The 10% tax on early distributions is assessed on amounts transferred prior to age 59½.
 - E. Participants are permitted to purchase "air time" service credits.

50. Which of the following statements regarding the Form 5500 reporting requirements is/are **TRUE**?
- I. Effective for plan years beginning after 2008, the filing requirements for ERISA 403(b) plans will be the same as for other qualified plans.
 - II. 403(b) plans sponsored by governmental entities must file the Form 5500 for any year that employer contributions are made to the plan.
 - III. Non-church related IRC §501(c)(3) entities that sponsor 403(b) plans with employer contributions are not required to file the Form 5500.
- A. I only
 - B. II only
 - C. I and III only
 - D. II and III only
 - E. I, II and III
51. All of the following statements regarding participant vesting in ERISA 403(b) plans are **TRUE, EXCEPT**:
- A. Non-vested amounts are counted towards the IRC §415(c) limit in the year the contributions become vested.
 - B. Participants must be fully vested upon attaining normal retirement age.
 - C. Participants must always be fully vested in their elective deferrals.
 - D. A graded vesting schedule must fully vest participants with six years of vesting service.
 - E. A plan that provides for 100% immediate vesting may impose a two year eligibility period for employer contributions.
52. ASPPA members must conduct their business so that they meet the high standard of professional integrity as stated in the ASPPA Code of Professional Conduct. According to that Code, all of the following actions would be acceptable, **EXCEPT**:
- A. A member may perform professional services involving a potential conflict of interest if certain conditions are satisfied.
 - B. The ASPPA Code of Professional Conduct must be prominently displayed in the office of an ASPPA member.
 - C. A member shall make use of the membership titles and designations only where that use conforms to the practices authorized by ASPPA.
 - D. A member shall render opinions or advice only when qualified to do so based on education, training or experience.
 - E. A member shall make full and timely disclosure to a principal of all sources of compensation received with respect to services performed for such principal.

53. Which of the following statements regarding includible compensation used in a 403(b) plan and 457(b) plan is/are **TRUE**?
- I. Includible compensation in a 403(b) plan includes elective deferrals into 403(b), 401(k) and 125 cafeteria plans.
 - II. Includible compensation in a 457(b) plan includes all amounts earned in the most recent period that counts as a full 12 months of service, reduced by mandatory pre-tax contributions to other retirement plans of the employer.
 - III. Includible compensation in a 457(b) plan includes amounts received by the employee during the calendar year reduced by IRC §414(h) pick up contributions into the employer's defined benefit plan.
- A. I only
 - B. II only
 - C. I and III only
 - D. II and III only
 - E. I, II and III
54. All of the following statements regarding nondiscrimination rules that apply to an ERISA 403(b) plan are **TRUE, EXCEPT**:
- A. Elective deferrals are not subject to the ADP test.
 - B. Employer matching contributions and after-tax employee contributions must be tested using the ACP test.
 - C. Maximum compensation rules under IRC §401(a)(17) do not apply to employer matching contributions.
 - D. Employer contributions must satisfy IRC §410(b) coverage testing.
 - E. Top heavy rules under IRC §416 do not apply.
55. All of the following types of employees may be excluded from participating in the elective deferral portion of a 403(b) plan, **EXCEPT**:
- A. Employees who are eligible to participate in another elective deferral plan or 457(b) plan of the employer
 - B. Students performing services described in IRC §3121(b)(10)
 - C. Employees who normally work less than 20 hours per week
 - D. Nonresident aliens
 - E. Hourly employees

56. All of the following describe services that a Third Party Administrator may provide in order to keep a 403(b) plan in compliance, **EXCEPT**:
- A. Perform a QNEC calculation due to a failed ADP test
 - B. Process benefit claims
 - C. Provide common remitter services
 - D. Perform IRC §410(b) testing
 - E. Prepare the Form 5500 for plans subject to ERISA
57. All of the following statements regarding contract exchanges in a 403(b) plan are **TRUE**, **EXCEPT**:
- A. An exchange is the movement of all or some portion of a 403(b) account held with one vendor to another vendor that is a part of the employer's plan.
 - B. An exchange of 403(b) accounts will generate a Form 1099-R.
 - C. An exchange can be done without severance from employment.
 - D. An exchange may be made if the vendor accepting the exchange enters into an agreement to share information with the employer.
 - E. An exchange must be done directly from one provider to another provider.
58. Which of the following statements regarding includible compensation in a 457(b) plan is/are **TRUE**?
- I. Includible compensation includes amounts received by the employee during the calendar year reduced by IRC §414(h) pickup contributions made into the employer's defined benefit plan.
 - II. Employer contributions to a 457(b) plan are considered to be includible compensation.
 - III. Includible compensation for an independent contractor is based on the contract for services performed and payments received from the employer in that year.
- A. I only
 - B. II only
 - C. I and III only
 - D. II and III only
 - E. I, II and III

59. All of the following are areas of concern that an employer maintaining a non-ERISA 403(b) plan should consider before selecting a single provider, **EXCEPT**:
- A. Due diligence must be done on an on-going basis to ensure that the provider is a prudent choice.
 - B. Public education organizations do not have to be concerned with creating fiduciary exposure under state law as they are not subject to the rules of ERISA.
 - C. Unions and their members may protest the loss of investment choice.
 - D. IRC §501(c)(3) employers must proceed with caution to ensure that the move to a single provider does not cause the ERISA exemption to be lost.
 - E. IRC §501(c)(3) employers need to be concerned about creating fiduciary exposure.
60. All of the following statements regarding 457(b) plan documents and government filings are **TRUE, EXCEPT**:
- A. Tax-exempt employers have a reporting requirement that can be satisfied by filing a statement of information with the DOL.
 - B. Employers seeking approval of their plan documents may obtain a private letter ruling from the IRS.
 - C. Tax-exempt entities have a reporting requirement to file an abbreviated version of a Form 5500.
 - D. Many state and local statutes require governmental employers to receive IRS “approval” of their 457(b) plans.
 - E. Governmental entities are not required to file a Form 5500.
61. Which of the following statements regarding a DROP option in a governmental defined benefit plan is/are **TRUE**?
- I. The DROP plan design was introduced to encourage participants to continue working beyond their normal retirement date.
 - II. Participants may not choose the DROP option after attaining eligibility for retirement.
 - III. DROP plan design options include a regular DROP and a retroactive DROP.
- A. I only
 - B. II only
 - C. I and III only
 - D. II and III only
 - E. I, II and III

62. All of the following statements regarding types of post-employment contributions that can be made to a 403(b) plan are **TRUE, EXCEPT:**
- A. Elective deferrals may be made from post-employment payments of early retirement incentives.
 - B. Many school districts have established policies under which terminated employees receive employer contributions in lieu of receiving unused sick leave.
 - C. Elective deferrals may be made from vacation pay that an employee would have received had he or she continued employment.
 - D. Elective deferrals may be made from certain types of pay received up to the later of 2½ months after the severance date or the end of the year in which the employee separates from service.
 - E. School districts may make employer contributions to an employee's account for a period of up to five years after an employee terminates employment.
63. ASPPA members must conduct their business so that they meet the high standard of professional integrity as stated in the ASPPA Code of Professional Conduct. According to that Code, all of the following statements are **TRUE, EXCEPT:**
- A. A member does not need to disclose to the client that there is an error in the nondiscrimination testing when the error is to the benefit of the client.
 - B. A member must keep a client's census information confidential.
 - C. A member must provide clear and accurate information when replying to an RFP.
 - D. A member should not make use of a credential, such as the TGPC, before ASPPA has officially notified the candidate that all requirements have been met.
 - E. A member shall render advice or perform professional services only when qualified to do so.
64. All of the following statements regarding participant loans from 457(b) plans are **TRUE, EXCEPT:**
- A. 457(b) plans sponsored by non-governmental entities may not offer loans.
 - B. Governmental 457(b) loans may be allowed for any reason.
 - C. Governmental 457(b) plans are subject to the loan rules under IRC §72(p).
 - D. Governmental 457(b) loan payments may be suspended for participants serving in the U.S. armed forces.
 - E. Governmental 457(b) plans cannot set the minimum loan amount greater than \$1,000.

65. All of the following statements regarding nondiscrimination rules applicable to ERISA 403(b) and ERISA 401(k) plans are **TRUE, EXCEPT**:
- A. Highly compensated employees must be identified in order to perform nondiscrimination testing.
 - B. Employer matching contributions must satisfy the ACP test.
 - C. Elective deferrals are subject to the IRC §402(g) dollar limit.
 - D. Key employees must be identified in order to perform nondiscrimination testing.
 - E. Amounts allocated to a participant's account are subject to the IRC §415(c) limit.
66. Which of the following is/are types of entities that can sponsor a governmental 457(b) plan?
- I. Federal government
 - II. Local government
 - III. State government
- A. I only
 - B. II only
 - C. I and III only
 - D. II and III only
 - E. I, II and III
67. All of the following statements regarding the 10% tax on early distributions is/are **TRUE, EXCEPT**:
- A. Generally, governmental 457(b) plan distributions are not subject to the 10% tax.
 - B. Distributions from a 403(b) plan to participants who have terminated service after age 55 are subject to the 10% tax, unless another exception applies.
 - C. Governmental 457(b) plan distributions that are rolled into IRAs may be subject to the 10% tax upon future distributions.
 - D. Distributions from a 403(b) plan to pay for a first time home purchase are subject to the 10% tax, unless another exception applies.
 - E. Distributions from a 403(b) plan to pay college expenses are subject to the 10% tax, unless another exception applies.

68. All of the following are examples of organizations that may be eligible to sponsor a 403(b) plan, **EXCEPT**:
- A. Community college
 - B. Animal welfare organization
 - C. Municipal police department
 - D. Private university
 - E. Research laboratory
69. All of the following statements regarding the eligible rollover rules of 403(b) plans are **TRUE, EXCEPT**:
- A. A non-spouse beneficiary may rollover a death benefit distribution from a 403(b) plan into an IRA.
 - B. There is a mandatory 20% federal income tax withholding requirement applicable to a distribution that is eligible to be rolled over but is distributed directly to a participant.
 - C. Required minimum distributions are not eligible to be rolled over to another plan or IRA.
 - D. Distributions from a 403(b) plan that are eligible to be rolled over are not subject to the 10% tax on early distributions.
 - E. A 403(b) plan document must permit the direct rollover of any eligible rollover distribution from the plan.
70. All of the following information is typically included in a hold harmless or vendor agreement, **EXCEPT**:
- A. Checklist for the service provider to complete indicating the compliance services it will and will not provide
 - B. Identifies the party responsible for tracking the 5 year period relating to designated Roth contributions (if designated Roth contributions are permitted)
 - C. Identifies the employer's duties and responsibilities
 - D. Identifies the party that will determine the status of domestic relation orders
 - E. Discusses the rules regarding the solicitation of employees by the vendor

71. Which of the following is/are types of pre-2009 403(b) accounts that must be included in the employer's 403(b) plan?
- I. Accounts held by current employees in which a provider did receive contributions for any employee after December 31, 2004 and that provider is not a designated provider after December 31, 2008
 - II. Accounts that were exchanged from one 403(b) account to another 403(b) account on and after September 25, 2007 and before January 1, 2009 to a provider that has entered into an information sharing agreement with the employer
 - III. Accounts held by former employees (except those properly transferred on or before September 24, 2007) as of December 31, 2008
- A. I only
 - B. II only
 - C. I and III only
 - D. II and III only
 - E. I, II and III
72. All of the following statements regarding contribution limits in a 403(b) plan are **TRUE, EXCEPT:**
- A. IRC §402(g) imposes a limit for elective deferrals made in a tax year.
 - B. Mandatory elective deferrals that are irrevocable count towards the IRC §402(g) limit.
 - C. IRC §415(c) imposes an annual limit on the total amount that can be contributed into a participant's 403(b) account.
 - D. The exclusion allowance was repealed under EGTRRA.
 - E. Participants may use the age 50 and the 15 years of service catch-up provisions during the same year, if certain rules are met.
73. All of the following statements regarding a DROP option in a governmental defined benefit plan are **TRUE, EXCEPT:**
- A. Firefighters are an employee group that may be offered a DROP option.
 - B. A plan amendment is required to add a DROP option.
 - C. Generally, the DROP acronym refers to Deferred Retirement Option Plan.
 - D. Police officers are an employee group that may be offered a DROP option.
 - E. The DROP option is used to encourage employees to take early retirement.

74. Which of the following is/are types of entities that can sponsor an eligible 457(b) plan?
- I. QCCOs, as defined under IRC §3121(w)(3)(B)
 - II. State or political subdivisions
 - III. Churches, as defined under IRC §3121(w)(3)(A)
- A. I only
 - B. II only
 - C. I and III only
 - D. II and III only
 - E. I, II and III
75. All of the following statements regarding a participant's ability to make elective deferrals to 403(b) plans after termination of employment are **TRUE, EXCEPT**:
- A. Elective deferrals may be made on post-employment payments of buy-outs of individually negotiated contracts.
 - B. Elective deferrals may be made from bonus amounts received after termination of employment, if the employee would have received the bonus had employment continued.
 - C. Elective deferrals are permitted on payments that represent unused sick pay that the employee would have received had employment continued.
 - D. Certain types of pay can be used for elective deferrals if those amounts are paid before the end of the tax year of severance, or, if later, within 2½ months of the time employment is severed.
 - E. Elective deferrals are permitted on payments that represent vacation pay that the employee would have received had employment continued.

END EXAMINATION