

Certified Pension Consultant (CPC) Modules 2012 Syllabus

Course Overview

As the culminating designation for the nonactuary ASPPA member, the Certified Pension Consultant (CPC) credential is intended as an opportunity for a successful candidate to demonstrate an ability to draw from his or her 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 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 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 ASPPA'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.

Module Details

Each module is offered online through Blackboard distance learning software. Each module will have a text component and an exam. The questions will be designed to reflect real situations that arise as practitioners consult with clients in practice. Candidates may need to do some research before answering the questions. **It is expected that candidates will use resources and reference materials beyond the information in the text.** In this way, the online modules will assess not only a candidate's mastery of the material in general, but also the candidate's ability to research complex issues and provide the proper advice to clients.

There are four core modules and four elective modules:

Core Modules

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

Elective Modules

- ESOPs
- Governmental & Tax-Exempt Plans
- Nonqualified Plans
- Cash Balance

ASPPA candidates that have completed ASPPA's QPA examination series will be required to complete the 4 core modules, 2 elective modules (please see CPC Module Credit section below) in addition to the CPC proctored examination to obtain the CPC credential.

ERPAs who have not completed ASPPA's QPA examination series will be required to complete the 4 core modules, 2 elective modules, CPC proctored examination and ASPPA's Administrative Issues of Defined Benefit Plans (DB) proctored examination to obtain the CPC credential.

Required Reading

CPC Module Text: Investments, Latest Edition, Arlington. VA: ASPPA

CPC Module Text: Distributions and Loans, Latest Edition, Arlington. VA: ASPPA

CPC Module Text: Fiduciary Topics, Latest Edition, Arlington. VA: ASPPA

CPC Module Text: Correction Programs, Latest Edition, Arlington. VA: ASPPA

CPC Module Text: Related Groups and Business Transactions, Latest Edition, Arlington. VA: ASPPA

CPC Module Text: ESOPs, Latest Edition, Arlington. VA: ASPPA

CPC Module Text: Governmental and Tax-Exempt Plans, Latest Edition, Arlington. VA: ASPPA

CPC Module Text: Nonqualified Plans, Latest Edition, Arlington, VA: ASPPA

CPC Module Text: Cash Balance, Latest Edition, Arlington, VA: ASPPA

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on a non-public portion of the Purchaser's website for access/distribution. Materials may not be placed on a site that has general public access. All other use or distribution of these materials is explicitly prohibited unless otherwise approved in writing by ASPPA.

Exam

Each module is offered online through Blackboard distance learning software. While candidates must submit the online exam using the Blackboard software, a PDF of the exam is also included if candidates prefer working to print the exam and use the hard copy while performing the research needed to answer the exam questions.

Each module exam consists of 20 multiple choice questions, each worth 5 points. **A score of 70 or above is required to pass the examination.** Candidates will receive their grades immediately upon submission of the online exam.

CPC Module Credit

A candidate with a QPA achieved through the ASPPA examination series who has passed the **C-3** exam only (not C-4) will receive credit for the Investments, Distributions & Loans and Fiduciary Topics modules. These candidates will need to complete the Related Groups & Business Transactions module, two elective modules and the proctored CPC examination.

A candidate with a QPA achieved through the ASPPA examination series who has passed **C-4** only (not C-3) will receive credit for the Related Groups & Business Transactions and the two elective modules. These candidates will need to complete the Investments, Distributions & Loans and Fiduciary Topics modules and the proctored CPC examination.

Additional Information

All candidates are encouraged to visit ASPPA's Candidate Corner (www.asppa.org/candidate) for this exam for additional information. It is the candidate's responsibility to check the ASPPA Web site for the most current information on examinations and publications. You may also contact ASPPA with questions at education@asppa.org.

Module: Investments (Core)

Overview

Retirement plan professionals are expected to be knowledgeable about investments and their role within retirement plans. In this module, candidates will learn about the different investment types, investment management techniques and investment policy statements. The differing strategies that apply to defined contribution compared to

defined benefit plans are covered. Also, the qualified default investment alternative (QDIA) requirements are discussed along with examples of QDIAs.

Learning Objectives

The successful candidate will be able to:

- I.01 Describe characteristics of bond types and features.
- I.02 Describe the characteristics of a stable value fund (e.g., liquidity issues and market value adjustments).
- I.03 Describe the different classes of equities (e.g., common and preferred stock, value and growth stocks, market capitalization, foreign stock, ADRs, and REITs).
- I.04 Describe the characteristics of equity ownership (e.g., dividends, splits, and pricing).
- I.05 Describe the characteristics of a mutual fund, including net asset value, income and capital gains distributions, fees and open and closed-end funds.
- I.06 Analyze the difference between individual securities, mutual funds and managed portfolios.
- I.07 Explain the unique issues surrounding alternative investments (e.g., limited partnerships, real estate, employer stock, nonpublicly traded investments and foreign securities) including any restrictions ERISA places on these investments.
- I.08 Explain common techniques for managing plan investments.
- I.09 Identify the factors (e.g., investment horizon, personal risk tolerance) used in determining investment objectives.
- I.10 Evaluate factors that cause "drag on returns" including higher fees on different investment products, inflation and taxes.
- I.11 Explain what is meant by revenue sharing and discuss the primary types of payments.
- I.12 Evaluate whether an investment strategy is more appropriate for a defined benefit or defined contribution plan.
- I.13 Identify the components of an investment policy statement (IPS).
- I.14 Explain the impact of market timing on participant accounts.
- I.15 Describe the requirements of a QDIA and provide examples of investments that would qualify.
- I.16 Explain qualifying and nonqualifying investments as they relate to the small plan audit waiver rules.
- I.17 Describe the requirements of a qualified professional asset manager (QPAM) and an in-house asset manager (INHAM).
- I.18 Analyze a fact pattern and apply the ASPPA Code of Professional Conduct.

Required Reading

CPC Module Text: Investments, Latest Edition, Arlington, VA: ASPPA.

Module: Distributions and Loans (Core)

Overview

The financial lifecycle of a retirement plan is a reflection of funds flowing into and out of the plan over time, a lifecycle that 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, release of employer stock and the like or are the result of domestic relations proceedings, retirement, termination of employment or in-service events.

Learning Objectives

The successful candidate will be able to:

- D.01 Summarize the rules governing the form, amount, and timing of distributions.
- D.02 Analyze the QJSA and QPSA rules for distributions from defined benefit and applicable defined contribution plans.
- D.03 Discuss the optional forms of benefit payment under defined benefit plans.
- D.04 Summarize the rules governing the portability of distributions.
- D.05 Discuss the in-service distribution rules for pension plans at age 62 and protected benefits.
- D.06 Analyze conditions for a permissible withdrawal under the safe harbor 401(k) hardship provisions and calculate the maximum permissible amount that may be distributed.
- D.07 Analyze the restrictions on distributions from a 401(k) plan when a successor plan exists.
- D.08 Discuss the rules governing QDROs.
- D.09 Calculate the required minimum distribution given a particular fact pattern.
- D.10 Summarize the rules governing forced distributions including the application to lost participants.
- D.11 Discuss options for handling missing participants.
- D.12 Analyze the tax treatment of various forms and types of distributions.
- D.13 Describe the requirements that must be met for a designated Roth distribution to be a qualifying distribution.
- D.14 Analyze the tax impact of qualified and nonqualified distributions of designated Roth amounts.
- D.15 Summarize how basis is determined, including consideration of after-tax employee contributions, PS 58 costs and loan repayments and calculate the taxable amount.
- D.16 Discuss the tax ramifications of distributing or surrendering an insurance policy.
- D.17 Summarize the special rules governing distributions of employer securities.
- D.18 Analyze the rule regarding the deferred taxation of net unrealized appreciation associated with employer securities.
- D.19 Evaluate whether a loan program is properly designed.
- D.20 Discuss and apply the available options for participant loan refinancing.

- D.21 Discuss the amounts subject to taxation when loan requirements are not satisfied.
- D.22 Discuss the concept of accrued interest on defaulted loans and its practical impact on taxability and the maximum availability calculation.
- D.23 Summarize and apply the rules for loan repayment suspensions for both an unpaid leave of absence and an unpaid military leave of absence, and calculate latest possible repayment date for each.
- D.24 Identify protected benefits under IRC §411(d)(6) and changes that can be made to a plan's distribution and loan options.
- D.25 Analyze a fact pattern and apply the ASPPA Code of Professional Conduct.

Required Reading

CPC Module Text: Distributions and Loans, Latest Edition, Arlington, VA: ASPPA.

Module: Fiduciary Topics (Core)

Overview

Fiduciary status and the attendant responsibilities and liabilities 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. This module also includes material on errors that occur throughout the life of a plan and the IRS and DOL programs available to correct them.

Learning Objectives

The successful candidate will be able to:

- F.01 Define the roles and responsibilities of the various parties involved in managing plan assets, including investment managers, plan consultants, custodians and financial advisors.
- F.02 Explain the exclusive benefit and prudent man rules and their application.
- F.03 Determine which expenses may be paid from DB and DC plan assets.
- F.04 Describe ways to minimize potential fiduciary liability.
- F.05 Analyze a given fact pattern and propose approaches for reducing or eliminating potential fiduciary liability.
- F.06 Analyze the ERISA §404(c) rules governing participant direction of plan investments, blackout requirements, and explain the effects on fiduciary liability.
- F.07 Differentiate between fiduciary insurance and a fidelity bond.
- F.08 Explain participant disclosure requirements, the ramifications of disclosure noncompliance and potential correction methods.

- F.09 Determine who is a covered service provider under the new regulations and to which plans a service provider must make required disclosures.
- F.10 Discuss the disclosures that must be made under the new service provider fee disclosure regulations and the time frame for making those disclosures.
- F.11 Discuss which plans are subject to the new participant fee disclosure regulations.
- F.12 Discuss the disclosures that must be made under the new participant fee disclosure regulations.
- F.13 Discuss acceptable methods for making the required participant fee disclosures and the time frame for making the disclosures.
- F.14 Discuss how new participant fee disclosures affect ERISA §401(c) requirements.
- F.15 Explain the consequence for failing to make required disclosures and how inadvertent failures can be corrected.
- F.16 Outline the requirements for fiduciary relief for the provision of investment advice to participants.
- F.17 Discuss what fiduciary relief is available when participant assets are invested in a QDIA.
- F.18 Discuss the impact of having a directed trustee.
- F.19 Evaluate whether a transaction is a prohibited transaction under Title I of ERISA.
- F.20 Analyze a given fact pattern and explain the methods of correcting and reporting a prohibited transaction under Title I of ERISA.
- F.21 Analyze a given fact pattern and discuss the ramifications, including penalties, applicable to a fiduciary breach.
- F.22 Discuss the deposit timing requirements and the appropriate correction when deposits are not made timely.
- F.23 Explain the available correction programs under EPCRS including their purpose and eligibility.
- F.24 Identify and discuss the differences between significant and insignificant operational defects, plan document defects and demographic failures and how these distinctions affect which correction programs are available.
- F.25 Summarize the two stated methods of self-correction under EPCRS if the 12-month correction period has passed for ADP and ACP testing.
- F.26 Describe the factors that are related to IRS fees and sanctions under EPCRS.
- F.27 Describe circumstances when an Anonymous or Group Submission should be considered.
- F.28 Analyze a fact pattern and recommend a correction program under EPCRS.
- F.29 Discuss the purpose, requirements, and applicable penalties of the Delinquent Filer Voluntary Compliance (DFVC) Program.
- F.30 Identify fiduciary breaches that can be corrected under the Voluntary Fiduciary Compliance Program.
- F.31 Analyze a fact pattern and apply the ASPPA Code of Professional Conduct.

Required Reading

CPC Module Text: Fiduciary Topics, Latest Edition, Arlington, VA: ASPPA

CPC Module Text: Correction Programs, Latest Edition, Arlington, VA: ASPPA

Module: Related Groups and Business Transactions (Core)

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 is critical to ensuring continued qualified status for retirement plans. This topic examines various types of these arrangements and the integral rules of attribution. Additionally, leased employee status and the complexities involved in distinguishing common law employees from independent contractors are explored. 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:

- R.01 Analyze a fact pattern and conclude whether common control exists under IRC §§414(b) and (c).
- R.02 Explain the impact of controlled group status on qualified plan requirements.
- R.03 Apply the controlled group attribution rules under IRC §1563.
- R.04 Apply the modified stock attribution rules for parent-subsidary groups under IRC §415(h).
- R.05 Identify situations where an affiliated service group may exist and the information needed to make an ASG determination.
- R.06 Explain the impact of ASG status on qualified plan provisions.
- R.07 Apply the ASG attribution rules under IRC §318.
- R.08 Analyze a fact pattern and conclude whether an ASG exists under IRC §414(m).
- R.09 Distinguish between whether an entity is an A-org, B-org or an FSO.
- R.10 Analyze a fact pattern and identify which plans or components of a plan may or must be aggregated or disaggregated in testing plan coverage.
- R.11 Explain when 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).
- R.12 Identify the common law employer by using the 20 factor test prescribed in IRS rev Rule 87-14.
- R.13 Identify whether a worker is a leased employee under IRC §414(n).
- R.14 Discuss the consequences of leased employees on the recipient client organization's plan.
- R.15 Analyze a fact pattern and conclude whether a multiple employer plan exists.
- R.16 Discuss the advantages and disadvantages of establishing a multiple employer plan versus several single employer plans.
- R.17 Discuss the effect an operational failure with one member of a multiple employer plan has on the plan as a whole.
- R.18 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.

- R.19 Apply the rules for a multiple employer plan to a PEO relationship.
- R.20 Explain the requirements that must be met for an employer to satisfy the QSLOB rules.
- R.21 Analyze how QSLOBs affect testing under IRC §§410(b), 401(a)(4) and 401(a)(26) including performance of each test when a QSLOB exists.
- R.22 Evaluate a merger, acquisition or spin-off situation and provide options for handling the qualified plan issues that may arise.
- R.23 Discuss the appropriate actions to take when a plan has been abandoned.
- R.24 Analyze a fact pattern and apply the ASPPA Code of Professional Conduct.

Required Reading

CPC Module Text: Related Groups, Latest Edition, Arlington, VA: ASPPA.

Module: ESOPs (Elective)

Overview

This non-core topic reviews the main employee stock ownership plan (ESOP) provisions of the IRC. As a viable employee benefit program as well as a corporate financing tool, ESOPs were founded on the fundamental philosophy of ownership. ESOPs have frequently been given special treatment not available to other retirement or financing programs. Within the topic's material, candidates will review a discussion of plan and statutory provisions particular to ESOPs.

Learning Objectives

The successful candidate will be able to:

- E.01 Explain the primary characteristics of an ESOP.
- E.02 Describe the key features of a stock bonus plan.
- E.03 Summarize the corporate financing and employee relations objectives that may be accomplished by establishing an ESOP.
- E.04 Evaluate the tax advantages a shareholder of a closely held corporation may receive by establishing an ESOP.
- E.05 Explain the special rules regarding plan operation and administration of a leveraged ESOP.
- E.06 Discuss the rules regarding an ESOP IRC §1042 election, including the allocation restrictions.
- E.07 Discuss stock voting rights regarding ESOPs as they apply to publicly and nonpublicly traded entities.
- E.08 Describe the diversification rules that apply to ESOPs.
- E.09 Describe the permissible allocation formulas for ESOP contributions and formulas available under other defined contribution plans that cannot be used in an ESOP.
- E.10 Summarize and demonstrate application of special IRC §415 rules for ESOPs.

- E.11 Discuss the requirements for the valuation of stock held by ESOPs in nonpublicly traded companies.
- E.12 Discuss and apply the increased deduction limits for ESOPs.
- E.13 Explain the ESOP dividend deduction rule.
- E.14 Compare the two permissible methods for the release of shares under a leveraged ESOP.
- E.15 Discuss the special distribution rules (e.g., diversification, employer securities, dividend distributions and timing of distributions) applicable to an ESOP.
- E.16 Discuss rules applicable to ESOPs sponsored by S corporations including reporting requirements.
- E.17 Analyze the impact an ESOP repurchase liability may have on the plan sponsor and discuss strategies to mitigate that impact.
- E.18 Summarize the rules regarding the termination of an ESOP.

Required Reading

CPC Module Text: ESOPs, Latest Edition, Arlington, VA: ASPPA.

Module: Governmental & Tax-Exempt Plans

Overview

This elective module requires candidates to understand various features of 403(b) plans including eligibility, contribution limits, nondiscrimination testing and distribution rules.

When is a 403(b) plan subject to ERISA? And, what are the specific employer actions that could subject a plan to ERISA? These critical issues will be covered with a detailed discussion of the rules and regulations for an ERISA 403(b) plan compared to a non-ERISA 403(b) plan.

The module describes “steeple” churches and qualified church controlled organizations (QCCOs) and the nondiscrimination rules applicable to their 403(b) plans. And, to fully understand 403(b) plans it is important to compare their characteristics, advantages and disadvantages to 401(k) plans.

In addition to maintaining 403(b) plans, certain tax-exempt and governmental employers may also establish 457(b) plans. This module covers the characteristics of these plans and includes a reference chart comparing the 457(b) plans sponsored by governmental entities to those sponsored by nongovernmental tax-exempt entities.

Learning Objectives

The successful candidate will be able to:

- G.01 Identify the types of employers that are eligible to sponsor a 403(b) plan.
- G.02 Discuss the implications of a 403(b) plan that is established by an ineligible employer.

- G.03 Identify the investment and insurance options that may be offered in a 403(b) or 457(b) plan.
- G.04 Compare the characteristics of a 403(b)(1) annuity versus a 403(b)(7) custodial account.
- G.05 Explain when a 403(b) plan is subject to ERISA, including the specific employer's actions that could subject the plan to ERISA.
- G.06 Describe the nondiscrimination rules that are applicable to 403(b) plans.
- G.07 Explain the universal availability rules of a 403(b) plan.
- G.08 Explain the controlled group rules that are applicable to tax-exempt organizations.
- G.09 Demonstrate how nondiscrimination testing is affected when a controlled group includes tax-exempt and taxable entities.
- G.10 Explain whether ERISA 403(b) and non-ERISA 403(b) plan assets are subject to creditors of employers and participants.
- G.11 Determine the maximum contribution amount including employer contributions and catch-up contributions that may be made to a participant's 403(b) account.
- G.12 Explain the types of post-employment contributions that may be made to a 403(b) plan.
- G.13 Describe 403(b) contract exchanges including the product provider and employer requirements for processing them.
- G.14 Explain the types of 403(b) accounts that must be included in an employer's 403(b) plan.
- G.15 Describe the types of plan to plan transfers that are permitted under 403(b) plans.
- G.16 Identify a church, QCCO and an IRC §414(e) organization and explain their applicable nondiscrimination rules.
- G.17 Identify the characteristics of 457(b) plans sponsored by a governmental versus a nongovernmental tax-exempt entity.
- G.18 Explain how and why a participant may purchase service credits in a state's defined benefit plan.
- G.19 Identify the distributable events from a 403(b) plan and 457(b) plan including contribution types that have no withdrawal restrictions.
- G.20 Compare the taxation and the 10 percent early distribution tax as they apply to 403(b), 401(k) and governmental 401(a) and 457(b) plans.
- G.21 Explain the rules regarding RMDs from 403(b) plans and how they differ from 401(k) plans.
- G.22 Describe the Form 5500 reporting requirements for 403(b) plans.
- G.23 Explain how a 403(b) plan may be terminated, including the potential pitfalls that an employer may encounter.
- G.24 Compare a 401(k) plan versus a 403(b) plan.
- G.25 Analyze a fact pattern and apply the ASPPA Code of Professional Conduct.

Required Reading

CPC Module Text: Governmental and Tax-Exempt Plans, Latest Edition, Arlington, VA: ASPPA.

Module: Nonqualified Plans

Overview

Historically, nonqualified deferred compensation plans have been established to supplement the retirement benefits of a select group of management or highly compensated employees. Compensation and benefit limitations as well as restrictive discrimination and coverage rules imposed on qualified plans are not similarly imposed on nonqualified plans. This has made nonqualified deferred compensation plans more appealing to employers. However, nonqualified deferred compensation plans do not receive the particular tax treatment afforded to qualified plans. This non-core topic incorporates the main provisions and features of nonqualified arrangements.

Learning Objectives

The successful candidate will be able to:

- N.01 Discuss the primary objectives of establishing nonqualified plans.
- N.02 Evaluate whether a plan or arrangement is subject to IRC §409A.
- N.03 Explain the deferral requirements, distribution restrictions, taxation rules and penalties associated with plans subject to IRC §409A.
- N.04 Describe the requirements of a top hat plan including the identification of who may be covered and situations in which it would be an appropriate arrangement.
- N.05 Describe the features and characteristics of 401(k) wrap plans including identification of situations in which it would be an appropriate arrangement.
- N.06 Discuss the application of 457(f) to nonqualified plans of governmental and tax-exempt employers.
- N.07 Describe the features and characteristics of an excess benefit plan.
- N.08 Differentiate a funded plan from an unfunded plan under ERISA.
- N.09 Describe the various funding methods used in nonqualified plans, including the various trusts and investment or insurance arrangements.
- N.10 Describe uses of corporate owned life insurance (COLI) as a business planning tool and a funding vehicle for nonqualified plans.
- N.11 Compare the various types of stock plans (e.g., incentive stock options, nonqualified stock options, discounted stock options, restricted stock, stock appreciation rights, phantom stock and employee stock purchase plans).
- N.12 Explain how an IRC §83(b) election applies to the taxation of stock grants, including the advantages and disadvantages of making the election.
- N.13 Identify the most appropriate nonqualified arrangement to consider when given a particular fact pattern.
- N.14 Analyze a fact pattern and apply the ASPPA Code of Professional Conduct.

Required Reading

CPC Module Text: Nonqualified Plans, Latest Edition, Arlington, VA: ASPPA
For Your Information: IRS Addresses Tax Issues for Secular Trusts: Buck Consultants, an ACS company.

Module: Cash Balance

Overview

Cash balance plans are an important part of a plan consultant's knowledge base. This module covers types of organizations that fit this plan design, the advantages and disadvantages of a cash balance plan and how it compares to 401(k) profit sharing plans, traditional defined benefit plans and when it works in combination with a defined contribution plan. Specifics of cash balance plans include contribution credits, interest crediting rates, accrual rules, nondiscrimination testing and deduction limits. This is a non-core module.

Learning Objectives

The successful candidate will be able to:

- C.01 Identify the types of employer organizations for which a cash balance plan would make the most sense.
- C.02 Explain the benefits and requirements for a cash balance plan to be an applicable defined benefit plan.
- C.03 Discuss the similarities and differences between cash balance and traditional defined benefit plans.
- C.04 Discuss the advantages and disadvantages of a cash balance plan over a traditional defined benefit plan.
- C.05 Discuss the advantages and disadvantages of cash balance plan or a combination of a cash balance plan and a 401(k) profit sharing plan over a stand-alone 401(k) profit sharing plan.
- C.06 What are the advantages of designing a retirement program where a cash balance plan would be coordinated with a 401(k) profit sharing plan (cash balance/defined contribution combo).
- C.07 Identify the types of cash balance contribution credits and the different interest crediting rates allowed.
- C.08 Explain the extent of flexibility in annual credits and the ability to increase or decrease them.
- C.09 Explain why there is a difference between the sum of the cash balance contribution credits plus interest for all plan participants and the required minimum contribution.
- C.10 Explain why actuaries should generally provide a recommended contribution in addition to the required minimum and maximum deductible

- contributions. Discuss why this is likely even more important with a cash balance plan than for a traditional defined benefit plan.
- C.11 Explain how the IRC §411 accrual rates are tested under a cash balance plan.
 - C.12 Explain the required meaningful benefit in a cash balance plan for purposes of IRC §401(a)(26).
 - C.13 Summarize the gateway requirements for a cash balance/defined contribution combo and the method of calculating the cash balance gateway portion for both HCEs and NHCEs.
 - C.14 Explain the top-heavy minimums required under standalone cash balance plan and a cash balance/defined contribution combo.
 - C.15 Explain the determination of the maximum cash balance annual contribution credit for plan participants and how this relates to IRC §415.
 - C.16 Summarize the nondiscrimination rules for a standalone cash balance plan.
 - C.17 Describe the combined plan deductible limit as it relates to a retirement program design which includes both a cash balance plan and a 401(k) profit sharing plan.
 - C.18 Summarize the rules regarding market rate of return and explain the risks to the plan sponsor due to the differences between the interest credits defined by the plan and the actual investment earnings of the plan's assets.
 - C.19 Discuss plan design and investment approaches that can lessen volatility in annual required contributions.
 - C.20 Explain how the lump sum distribution rules for a cash balance plan differ from those for a traditional defined benefit plan.
 - C.21 Discuss how a plan's adjusted funding target attainment percentage (AFTAP) affects contribution requirements, benefit accruals and distribution limitations.
 - C.22 Describe the approaches available to convert a traditional defined benefit plan to a cash balance plan, considering any age discrimination issues.

Required Reading

CPC Module Text: Cash Balance, Latest Edition, Arlington, VA: ASPPA.