

## **RPF-2: Retirement Plan Fundamentals Part - 2 2012 Syllabus**

### **Course Overview**

The objective of the Retirement Plan Fundamentals Course, Parts 1 and 2, is to give an individual beginning a career as a retirement plan professional a general background in qualified plans as a first step toward meeting the challenges of the profession.

The course is divided into two parts. Each part is designed to build upon the groundwork established by the other while not duplicating content or presupposing knowledge or experience level.

Retirement Plan Fundamentals Part 2 (RPF-2) covers plan administration, including census collection, benefit allocations and coverage and nondiscrimination testing. This course emphasizes daily valuation recordkeeping but includes discussions of balance-forward plans and conversions.

Appropriate investments for daily valuation plans and fiduciary considerations including investment fees and revenue sharing are discussed. The processes involved in daily valuation are covered in detail, including daily functions, mutual fund trading and ethics concerning trading errors.

Finally, the course discusses plan mergers and plan terminations including terminations of defined benefit plans.

### **Required Reading**

*RPF-2 Course: Retirement Plan Fundamentals Part 2, 7<sup>th</sup> Edition.* Arlington, VA: ASPPA, 2012.

The RPF-2 course is available in print or PDF (single user). A distributable PDF of the RPF course set (RPF-1 & RPF-2) is also available for purchase (see Distributable Educational Materials section below for additional information).

### **Recommended Reading**

Bloom, Lauren. *Elegant Ethical Solutions*. Elegant Solutions Consulting: Goodlettsville, TN.

### **Supplementary Study Materials**

#### *Webcourse*

ASPPA webcourses cover an extensive variety of topics essential to retirement plan professionals. The webcourses can be utilized for training purposes and to assist

candidates preparing for ASPPA examinations. ASPPA webcourses provide introductory training for new employees and topical training for exam candidates and other professionals seeking education in specific areas.

It is expected that webcourse registrants preparing for an examination will thoroughly study the topics covered in this syllabus and the required reading for the corresponding examination. The webcourse sessions should not be used as a substitute for these materials, and candidates should be aware that some currently available webcourses may have been produced in previous program years. While these webcourses are still relevant, candidates should use them as a supplementary exam preparation tool. Visit [www.asppa.org/webcourse](http://www.asppa.org/webcourse) for more information.

### *Practice Examination*

An online practice examination that mimics the actual testing experience is available for purchase at [www.asppa.org/practice-exams](http://www.asppa.org/practice-exams).

## **Educational Material Copyright**

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## **Distributable Educational Materials**

Please note that only products noted as distributable can be distributed. Purchasers of these products are allowed to distribute to direct employees of their Company. In addition, authorized Universities offering ASPPA education are eligible to distribute the purchased materials to their students. Purchasers of this product are prohibited from distribution of these materials to any other parties unless agreed upon by ASPPA in writing. Materials may be e-mailed directly to the above-mentioned parties or published 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**

The corresponding online exam will include 10 true/false questions and 65 multiple choice questions. Upon completion of the RPF-2 exam, a candidate will receive an immediate score and feedback report. **A score of 64 or more out of 75 is a passing score.** Once registered for the RPF-2 examination, a candidate can access the examination from the "Access Exams and Quizzes" link ([www.asppa.org/access-exams-and-quizzes](http://www.asppa.org/access-exams-and-quizzes)) on the Education and Publication web pages on the ASPPA website. There are two versions of the examination. If a candidate fails one version of the RPF-2 exam he/she can register, pay and take the second version within the same year. **The exam is open book and must be completed by Midnight Eastern Time on December 13, 2012.** Upon successful completion of the RPF-1 and RPF-2

examinations, the Retirement Plan Fundamentals Certificate will be immediately issued online to the candidate.

## **Additional Information**

All candidates are encouraged to visit ASPPA's Candidate Corner ([www.asppa.org/candidate-corner](http://www.asppa.org/candidate-corner)) for additional information. It is the candidate's responsibility to check the ASPPA Web site for the most current information on examinations and publications. The Candidate Corner includes information about examinations, dates, study tips, current information on regulatory limits and other helpful information. You may also contact ASPPA with questions at [education@asppa.org](mailto:education@asppa.org).

## **Exam & Publication Errata and References**

As needed, errata to required reading material, practice examinations and/or examinations will be posted on the ASPPA website at [www.asppa.org/errata](http://www.asppa.org/errata). It is the candidate's responsibility to check this page regularly for any updates prior to taking an examination.

### **Topic 1 – Retirement Plan Administration**

#### **Overview**

Retirement plan professionals are expected to understand the data necessary to properly administer a retirement plan. Under this topic, candidates will learn how to evaluate client data as well as determine key and highly compensated employees (HCEs).

#### **Learning Objectives**

The successful candidate will be able to:

- 1.01 List the documents to be collected to serve as the basis for plan administration.
- 1.02 List the type of census data collected and the steps involved in evaluating its validity.
- 1.03 Identify key employees from a list of employees and census data.
- 1.04 Identify the effect of attribution rules on ownership.
- 1.05 Identify HCEs from a list of employees and census data.

#### **Exam Weighting**

This topic will comprise approximately 5 to 7 percent of the exam questions.

#### **Required Reading**

Chapter 1: *RPF-2 Course: Retirement Plan Fundamentals Part 2, 7<sup>th</sup> Edition*. Arlington, VA: ASPPA, 2012.

## Topic 2 – Allocations and Maximum Limitations on Benefits for Defined Contribution Plans

### Overview

Retirement plan professionals are expected to know about defined contribution plan allocations and limits to such allocations. Under this topic, candidates will learn about allocations, including earnings, contributions and forfeitures. In addition, candidates will learn about the IRC §415 limits applicable to defined contribution plans.

### Learning Objectives

The successful candidate will be able to:

- 2.01 Explain the concept of forfeitures.
- 2.02 Describe how forfeitures may be used each year in a defined contribution plan.
- 2.03 Calculate a basic contribution allocation using a *pro rata* formula.
- 2.04 Explain the concept of allocating contributions using permitted disparity.
- 2.05 Explain the formula for determining a participant's annual additions limit.
- 2.06 Identify the types of allocations counted as annual additions.
- 2.07 Calculate the annual additions limit for a participant in a defined contribution plan.

### Exam Weighting

This topic will comprise approximately 8 to 10 percent of the exam questions.

### Required Reading

Chapter 2: *RPF-2 Course: Retirement Plan Fundamentals Part 2, 7<sup>th</sup> Edition*. Arlington, VA: ASPPA, 2012.

## Topic 3 – Annual Testing

### Overview

Retirement plan professionals are expected to know the various coverage and nondiscrimination tests applicable to qualified plans. Under this topic, candidates will learn about top-heavy, minimum coverage, actual deferral percentage (ADP) and actual contribution percentage (ACP) testing. Also, candidates will learn about safe harbor 401(k) plan designs and qualified automatic contribution arrangements.

## Learning Objectives

The successful candidate will be able to:

- 3.01 Define when a plan is top-heavy.
- 3.02 Describe the contribution requirements that apply to top-heavy plans.
- 3.03 Explain the basic concept of minimum coverage testing for qualified plans.
- 3.04 Define the term benefiting under a qualified plan as a function of coverage testing.
- 3.05 Identify the employees who may be excluded in coverage testing.
- 3.06 Explain the nondiscrimination tests applicable to deferrals and matching contributions.
- 3.07 Identify whether a plan has passed the ADP and /or ACP test.
- 3.08 List methods of correcting a failed ADP and/or ACP test.
- 3.09 List the types of safe harbor 401(k) plan contributions.
- 3.10 Explain the concept of a safe harbor 401(k) plan, including the vesting rules, notice requirements, withdrawal restrictions and top-heavy rules.
- 3.11 List the benefits and requirements of automatic enrollment under eligible automatic contribution arrangements and qualified automatic contribution arrangements.

## Exam Weighting

This topic will comprise approximately 15 to 17 percent of the exam questions.

## Required Reading

Chapter 3: *RPF-2 Course: Retirement Plan Fundamentals Part 2, 7<sup>th</sup> Edition*. Arlington, VA: ASPPA, 2012.

## Topic 4 – Living in an Electronic World – Daily Valuation

### Overview

Retirement plan professionals are expected to be familiar with plans that are daily valued. Under this topic, candidates will learn the basics of daily valuation, differentiate an administrator from a recordkeeper and be exposed to the various marketing models for daily valued plans.

## Learning Objectives

The successful candidate will be able to:

- 4.01 Define the term daily valuation.
- 4.02 Differentiate between the role of the recordkeeper and the administrator.
- 4.03 Identify the differences between the bundled and unbundled approach to plan administration.

## **Exam Weighting**

This topic will comprise approximately 3 to 5 percent of the exam questions.

## **Required Reading**

Chapter 4: *RPF-2 Course: Retirement Plan Fundamentals Part 2, 7<sup>th</sup> Edition*. Arlington, VA: ASPPA, 2012.

## Topic 5 – Differences Between Balance-Forward and Daily Valuation

### **Overview**

Retirement plan professionals need to understand the differences between balance-forward plan administration and daily valuation. Under this topic, candidates will learn the differences including efficient investments offered in daily valuation.

### **Learning Objectives**

The successful candidate will be able to:

- 5.01 Identify differences and similarities in balance-forward and daily valuation accounting, reconciliation and earnings allocation methods.
- 5.02 Describe how earnings and dividends are credited to participant accounts in daily recordkeeping.
- 5.03 Differentiate between balance-forward and daily valuation methods when processing distributions and transfers.
- 5.04 List the characteristics of an efficient investment offered in a daily valuation environment.

## **Exam Weighting**

This topic will comprise approximately 4 to 6 percent of the exam questions.

## **Required Reading**

Chapter 5: *RPF-2 Course: Retirement Plan Fundamentals Part 2, 7<sup>th</sup> Edition*. Arlington, VA: ASPPA, 2012.

## Topic 6 – Fiduciary Considerations

### **Overview**

Retirement plan professionals are expected to identify fiduciaries and understand the fiduciary role in qualified plans. Under this topic, candidates will learn about fiduciary status, the fiduciary's role in plan investments, how ERISA §404(c) may limit fiduciary liability and various ministerial functions that do not give rise to fiduciary status.

## Learning Objectives

The successful candidate will be able to:

- 6.01 Determine which parties are fiduciaries.
- 6.02 Identify which plans are subject to the new ERISA §404(a) participant disclosure regulations.
- 6.03 Identify required disclosures under ERISA §404(a) that must be given to participants who direct their investments.
- 6.04 Explain opportunity to exercise control and providing a broad range of investments under ERISA §404(c).
- 6.05 Explain what an employer must do to maintain ERISA §404(c) protection if using a default investment.
- 6.06 Explain what the fiduciary must do to maintain ERISA §404(c) protection if utilizing mapping.
- 6.07 Identify ministerial duties that do not give rise to fiduciary status.
- 6.08 Explain when elective deferrals, loan payments and matching contributions must be deposited into the trust.

## Exam Weighting

This topic will comprise approximately 9 to 11 percent of the exam questions.

## Required Reading

Chapter 6: *RPF-2 Course: Retirement Plan Fundamentals Part 2, 7<sup>th</sup> Edition*. Arlington, VA: ASPPA, 2012.

## Topic 7 – Appropriate Investments for Daily Valuation Plans

### Overview

Retirement plan professionals need a basic understanding of investments available in qualified plans. Under this topic, candidates will learn about mutual funds, guaranteed investment contracts (GICs), exchange traded funds (ETFs) and employer stock as investments in qualified plans, particularly daily valued plans.

### Learning Objectives

The successful candidate will be able to:

- 7.01 Explain the three basic asset classes in which mutual funds invest.
- 7.02 Differentiate among the different types of mutual funds.
- 7.03 Explain the characteristics of GICs.
- 7.04 Differentiate between a traditional mutual fund and an ETF.

## **Exam Weighting**

This topic will comprise approximately 5 to 7 percent of the exam questions.

## **Required Reading**

Chapter 7: *RPF-2 Course: Retirement Plan Fundamentals Part 2, 7<sup>th</sup> Edition*. Arlington, VA: ASPPA, 2012.

## **Topic 8 – Employer Stock Issues**

### **Overview**

Retirement plan professionals are expected to understand the special administrative issues that occur when employer stock is an asset of the plan and how it is accounted for.

### **Learning Objectives**

The successful candidate will be able to:

- 8.01 Identify the administrative issues when employer stock is offered as a participant investment.
- 8.02 Explain the blackout period applicable for restricted employees.
- 8.03 Identify the requirements of the diversification notice when employer securities are an investment option.
- 8.04 Identify the two methods commonly used to account for employer stock as a plan investment in a daily valuation plan.

## **Exam Weighting**

This topic will comprise approximately 4 to 6 percent of the exam questions.

## **Required Reading**

Chapter 8: *RPF-2 Course: Retirement Plan Fundamentals Part 2, 7<sup>th</sup> Edition*. Arlington, VA: ASPPA, 2012.

## **Topic 9 – Analyzing Investment Fees**

### **Overview**

Retirement plan professionals are expected to understand the fees involved in qualified retirement plans. Under this topic, candidates will learn about assessing fees, the types of fees charged and revenue sharing.

## Learning Objectives

The successful candidate will be able to:

- 9.01 Explain the plan fiduciary's responsibilities regarding assessing fees and disclosing fees and expenses to participants.
- 9.02 Explain mutual fund sales charges, 12b-1 fees and how mutual fund share classes affect investment fees.
- 9.03 Define investment management fees, custodial and transfer agent fees, transaction fees, sub-transfer agent fees and shareholder servicing fees.
- 9.04 Explain revenue sharing and its affect on participant account balances.
- 9.05 Identify which plans are subject to the new fiduciary fee disclosure regulations.
- 9.06 Identify the disclosure that must be made under the new fiduciary fee disclosure regulations.

## Exam Weighting

This topic will comprise approximately 7 to 9 percent of the exam questions.

## Required Reading

Chapter 9: *RPF-2 Course: Retirement Plan Fundamentals Part 2, 7<sup>th</sup> Edition*. Arlington, VA: ASPPA, 2012.

## Topic 10 – Daily Activities

### Overview

Retirement plan professionals should be familiar with the daily activities in a daily valued plan. Under this topic, candidates will learn about the process of recordkeeping in daily valued plans and participant initiated transactions.

### Learning Objectives

The successful candidate will be able to:

- 10.01 Explain the recordkeeping process for a daily valuation plan including reconciliation of fund positions, placing trade orders, processing transactions and backing-up functions.
- 10.02 Describe the process involved when participants initiate transactions.

### Exam Weighting

This topic will comprise approximately 1 to 3 percent of the exam questions.

## **Required Reading**

Chapter 10: *RPF-2 Course: Retirement Plan Fundamentals Part 2, 7<sup>th</sup> Edition*. Arlington, VA: ASPPA, 2012.

## **Topic 11 – Mutual Fund Trading Practices**

### **Overview**

Retirement plan professionals are expected to understand mutual funds. Under this topic, candidates will learn about mutual fund trading practices including definitions of various terms, different types of funds and the roles of the various parties involved in mutual fund trading.

### **Learning Objectives**

The successful candidate will be able to:

- 11.01 Define the role of the recordkeeper, trading partner, transfer agent and mutual fund company or investment manager in a participant trade request.
- 11.02 Define the following terms: forward pricing, trade partner, transfer agent, omnibus level trading, trading deadlines, settlement date and fund position.

### **Exam Weighting**

This topic will comprise approximately 1 to 3 percent of the exam questions.

## **Required Reading**

Chapter 11: *RPF-2 Course: Retirement Plan Fundamentals Part 2, 7<sup>th</sup> Edition*. Arlington, VA: ASPPA, 2012.

## **Topic 12 – Processing Transactions**

### **Overview**

Retirement plan professionals are expected to understand how various transactions in qualified plans are processed. Under this topic, candidates will learn about executing trades, various fund transfers and payroll processing issues that arise in the daily valuation plan.

## **Learning Objectives**

The successful candidate will be able to:

- 12.01 List the steps taken to execute trades when processing contributions, distributions and loans in a daily valuation plan.
- 12.02 Describe the four types of fund transfer requests for money already invested in a participant account.
- 12.03 Identify common contribution processing problems that occur in a daily valuation plan.

## **Exam Weighting**

This topic will comprise approximately 3 to 5 percent of the exam questions.

## **Required Reading**

Chapter 12: *RPF-2 Course: Retirement Plan Fundamentals Part 2, 7<sup>th</sup> Edition*. Arlington, VA: ASPPA, 2012.

## **Topic 13 –Trading Errors and Corrections**

### **Overview**

Retirement plan professionals are expected to recognize trading errors and understand possible correction methods. Under this topic, candidates will learn about trading errors and the ethical considerations in the correction methodologies. This part also reviews the importance of a service agreement.

### **Learning Objectives**

The successful candidate will be able to:

- 13.01 Identify when and how trading errors may occur in the daily valuation environment.
- 13.02 Identify ethical concerns when correcting common trading errors in the daily valuation environment.
- 13.03 List the benefits of a service agreement between the service provider and the plan administrator.

### **Exam Weighting**

This topic will comprise approximately 3 to 5 percent of the exam questions.

### **Required Reading**

Chapter 13: *RPF-2 Course: Retirement Plan Fundamentals Part 2, 7<sup>th</sup> Edition*. Arlington, VA: ASPPA, 2012.

## Topic 14 – Conversion Decisions and Issues

### Overview

Retirement plan professionals are expected to know the process and issues involved in converting plans from one provider or type to another. Under this topic, candidates will learn about conversion timelines, issues to consider during conversion, blackout rules and notices and the impact of plan conversions in general.

### Learning Objectives

The successful candidate will be able to:

- 14.01 List data needed and the time frame involved when converting from one retirement plan administration firm to another.
- 14.02 Describe the various decisions involved when converting from balance-forward to daily valuation.
- 14.03 Describe a blackout notice and to whom and when it is provided.
- 14.04 Explain the impact a conversion has on various transaction types, e.g., contributions, transfers, withdrawals, both during and after conversion.

### Exam Weighting

This topic will comprise approximately 4 to 6 percent of the exam questions.

### Required Reading

Chapter 14: *RPF-2 Course: Retirement Plan Fundamentals Part 2, 7<sup>th</sup> Edition*. Arlington, VA: ASPPA, 2012.

## Topic 15 – Conversion Types and Methods

### Overview

Retirement plan professionals are expected to understand the various investment strategies available during a plan conversion. Under this topic, candidates will learn three investment strategies available during plan conversion and reasons why balance-forward to daily conversion is particularly challenging.

### Learning Objectives

The successful candidate will be able to:

- 15.01 List the three types of investment strategies used during daily to daily conversions.

- 15.02 Explain common reasons for a difference between the ending balance from the prior trustee and the amount of assets received by the new trustee during a conversion.
- 15.03 State the five major reasons that balance-forward to daily conversions are the most challenging to complete.

### **Exam Weighting**

This topic will comprise approximately 3 to 5 percent of the exam questions.

### **Required Reading**

Chapter 15: *RPF-2 Course: Retirement Plan Fundamentals Part 2, 7<sup>th</sup> Edition*. Arlington, VA: ASPPA, 2012.

## Topic 16 – Mergers and Terminations

### **Overview**

Retirement plan professionals are most likely going to come into contact with plan merger and plan termination situations. Under this topic, candidates will learn why plans may merge, the difference between a frozen and a terminated plan and the general requirements for plan termination including plan termination issues involving defined benefit plans.

### **Learning Objectives**

The successful candidate will be able to:

- 16.01 List the reasons plan sponsors might merge two retirement plans.
- 16.02 Explain the difference between a frozen and a terminated qualified plan.
- 16.03 Describe the ramifications of a partial termination and what causes one to occur.
- 16.04 Describe the general requirements for terminating a qualified retirement plan.
- 16.05 Describe the implications of terminating a plan covered by the Pension Benefit Guaranty Corporation.

### **Exam Weighting**

This topic will comprise approximately 4 to 6 percent of the exam questions.

### **Required Reading**

Chapter 16: *RPF-2 Course: Retirement Plan Fundamentals Part 2, 7<sup>th</sup> Edition*. Arlington, VA: ASPPA, 2012.