



THE Candidate Connection

Web Courses Now Available!

by *Laura S. Moskwa, CPC, QPA*

ASPA's Education and Examination (E&E) Committee rolled out Web courses for DC-1, DC-2, DB, C-3 and C-4 this past March. We hope that the Web courses will assist a large number of candidates with their education of pension matters due to easy accessibility and low cost. The courses have been made available to candidates via the ASPA Web site and run 100 to 120 minutes each in length. The number of sessions per Web course varies from six to 11. The pre-recorded segments can be viewed and listened to by a candidate based on his or her own study schedule. The course topics mirror those covered in the exam materials; however, topics may not be in the exact order of the study guides.

Each candidate who registered for an exam this spring received an announcement regarding the availability of the Web courses. Feedback has been solicited from all individuals who have purchased a Web course and, to date, the general feedback has been positive.

It is our goal to continue to provide education and exam preparation assistance. As always, the E&E Committee would greatly appreciate all input from candidates. Please direct your comments to Jamie Pilot, ASPA's Director of Education Services, at (703) 516-9300 or by e-mail to: educaspa@aspa.org.

For more information about ASPA Web courses, please visit our Web site at:

http://www.aspa.org/edu/web_courses.htm. ▲

Attention QKAs: Sharpen Your DC Administration Skills and Take the Next Step in Your Pension Career!

by *Dana C. Miller, CPC*

Congratulations! You're now a Qualified 401(k) Administrator. You have demonstrated that you know a lot about the administration of 401(k) plans under normal circumstances. You have increased your value to your employer and have enhanced your career path by dedicating yourself to increasing your pension knowledge and accomplishing your goal. After you have given yourself a few minutes to congratulate yourself on your achievement and bask in the glow of your success, you need to start thinking about what your next step should be in your pension career. You do

not need to think long because I have an answer ready for you. The most logical and compelling way to advance yourself further would be to prepare for the DC-3 examination that will be offered for the first time during the August 2004 examination window. The DC-3 examination covers advanced topics in defined contribution administration. These topics include controlled and affiliated service groups, compensation issues, average benefits testing and other nondiscrimination rules, employee stock ownership plans, fiduciary standards, prohibited transactions, life insurance

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Understanding the Exam Format

by *Amy L. Cavanaugh, CPC, QPA, QKA*

Although the best way to prepare for ASPA examinations is to read all of the materials carefully, it also helps to be familiar with the format of the examination you are taking. When preparing for your DC-1, DC-2 and DC-3 examinations, be sure to refer to the sample examinations that are posted on the ASPA Web site at: <http://www.aspa.org/edu/study-guide-references.htm>. Sample examinations for DB, C-3 and C-4 are included in the study guides.

The ASPA examinations fall into two general categories:

- Multiple Choice
- Essay/Short Answer

DC-1, DC-2, DC-3 and DB are multiple choice exams. C-3 and C-4 are essay and short answer exams.

The multiple choice exams have three types of question formats:

- All Except
- Triple True/False
- Straight Answer

In all of the multiple choice question formats, five answer choices follow a stem. The stem states the important facts that you will need in order to answer a question. In some instances, some of the information contained in the stem is extraneous. Before you answer a question, you will need to use your

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knowledge to determine what information is pertinent. The majority of the questions are in the "All Except" format. This means that you will only have one incorrect fact within your possible answers. Be sure to read the information in the stem carefully to make sure you answer the right questions. "Straight Answer" is the format used when the question requires you to calculate or match answers.

All of the multiple choice questions are carefully screened by the E&E Committee to make sure that the topics are covered in the reading and that the questions are substantive. Questions that merely rely on memorizing details or isolated facts are eliminated. Each question that is written is submitted for review with a citation to the reading. This assures that all test questions are adequately covered in the reading materials. Remember, however, that the reading materials are not limited to the study guides. Time and time again we see candidates attempt to streamline their studying by focusing on the study guides. More often than not, those candidates are not successful.

The following are some general tips for taking a multiple choice exam:

Read the directions carefully. The directions usually indicate that some alternatives may be partly correct or correct statements in themselves, but not when joined to the stem. Make sure that you are answering the question that is being asked.

Pace yourself. In DC-1 and DC-2, you will have two and a half hours to answer 65 questions. The DC-3 examination is two hours long with 55 questions. The DB examination is three hours long with 80 questions. This means that you have less than a minute to spend on each question. Some questions will take you only a few seconds, while others will require more time for thought.

Read every question carefully but quickly, answering only those of which you are 100% certain. Then, examine/study the questions not yet answered. Answer those you are reasonably sure of without pondering too long on each. Finally, study the remaining unanswered questions.

Use the process of elimination to rule out the obviously incorrect alternatives. Read the entire stem and every alternative. Read the stem with each alternative to take advantage of the sound or flow that the correct

answer often produces. Also, you can eliminate any alternatives that do not agree grammatically with the stem.

Some students find it effective to read the stem and anticipate the correct alternative before actually looking at the alternatives. If you generally do better on essay exams, this strategy may help you a great deal.

Consider "all of the above" and "none of the above." Examine the "above" alternatives to see if all of them or none of them apply totally. Even if only one choice does not apply completely, do not consider "all of the above" or "none of the above" as the correct answer. Make sure that a statement applies to the question since it can be true but, at the same time, not relevant to the question at hand.

Note negatives. If a negative such as "none," "not," "never" or "neither" occurs in the stem, know that the correct alternative must be a fact or absolute and that the other alternatives could be true statements, but not the correct answer.

Note superlatives. Words such as "every," "all," "none," "always" and "only" are superlatives that indicate the correct answer must be an undisputed fact. In the social sciences, absolutes are rare.

Note qualifying words. "Usually," "often," "generally," "may" and "seldom" are qualifiers that could indicate a true statement.

Study qualifications. Break the stem down into grammatical parts. Pull out the bare subject and verb (if it is in the stem), and then examine all the modifiers (qualifiers) to the subject and verb. This process ensures that you examine every part of the stem.

Changing answers. Research has shown that changing answers on a multiple choice or true/false exam is neither good nor bad. If you have a good reason for changing your answer, change it. The origin of the myth that people always change from "right" to "wrong" is that those (*i.e.*, the wrong ones) are the only ones you will see when you review your exam – you won't notice the ones you changed from "wrong" to "right."

The essay exams (C-3 and C-4) are intended to be consulting exams. This means that a question may test two or more concepts in the same question, and it will be essential to cover all aspects of the question in order to get full credit for it. Remember that while you get points for correct responses, points are not deducted for incorrect information, so it is better to be thorough even though some of what you write is not correct. Be sure you have considered all aspects of a topic. For example, if the question is about non-discrimination, there may be certain coverage considerations that you will need to address before you get to the non-discrimination issues. Just as in real life consulting, no one aspect of plan design and administration operates in a vacuum, so be sure that you look at a question and, via process of elimination, address any ancillary issues that could affect your answer.

Just because it is an essay question, do not feel

2004 Dates to Remember

Date	Event
July 31	Final registration deadline for summer examinations *
August 1-August 31	DC-1, DC-2, DC-3 and DB summer examination window
August 15	Postponement deadline for summer examinations *
September 30	Early registration deadline for fall examinations
October 31	Final registration deadline for fall examinations *

* Exam deadlines are final. Registration and payment must be in the ASPA office by the deadline dates. Please note that when a deadline date falls on the weekend, the official date shall be the first business day following the weekend.

Ever Wonder What It Takes to Be an Actuary?

by Howard L. Simon, MSPA

ASPA is widely known for its pension administration designations—the QKA, QPA and CPC designations. You may not know that ASPA is also involved in actuarial education and designations. An Enrolled Actuary (EA) is a designation conferred on an individual who has satisfied the standards and qualifications as defined in the regulations of the Joint Board for the Enrollment of Actuaries (JBEA). ERISA defined an enrollment and examination process for pension actuaries. Today, pension actuaries in the United States perform actuarial services under the guidance set forth in ERISA. In addition to examinations, before a person can become enrolled, they must demonstrate that

they have both the knowledge base and requisite experience. Once enrolled, an EA must meet continuing education requirements on a three-year cycle. The most current cycle ends at the end of this year. Credits may be obtained in a number of ways, including attending many of ASPA's conferences and seminars.

The JBEA is responsible for the enrollment of individuals who wish to perform actuarial services under ERISA. The JBEA is comprised of representatives from Treasury, DOL and PBGC. Knowledge is tested in an examination structure. Currently, there are two EA exams: EA-1 and the two-part EA-2 exam that consists of EA-2A and EA-2B. These exams must be successfully completed to satisfy the knowledge requirement. This is augmented by a requirement that a candidate has certain pension actuarial experience. The JBEA must ensure that applicants demonstrate the skills necessary to protect the interests of pension plan participants.

The basic EA-1 exam tests knowledge of (1) the mathematics of compound interest and financial analysis and (2) the mathematics of life contingencies and practical demographic analysis. The EA-2 exam consists of two segments. In Segment A, covered topics include the selection of actuarial assumptions, actuarial cost methods and the calculation of the minimum required and maximum deductible contributions. Segment B tests the knowledge of relevant federal

pension laws (ERISA) as they affect pension actuarial practice. The exams are given once a year. Additionally, you can get credit for EA-1 by having passed some other types of exams.

The exams are multiple choice and they are not easy. Often, candidates will retake an exam if they failed it the first time. You can take the exam as many times as you like until it is passed. The exams require a lot of practice and there are sample exams available from which to study. Probability and statistics is a cornerstone of the earlier material; however, the later exams require much skill in applying the funding methods and determining contribution requirements under a multitude of plan settings. It is possible for a college student to pass the first exam; however, the second exam is much easier to pass if you have relevant practical experience. ASPA co-sponsors the EA exams and has volunteers that play a role in the exam pass mark setting, each exam's preparation and pre-testing and ensuring quality control.

If you are planning on taking the exams, sharpen your pencil and put your best foot forward as you are in for quite a challenge! The rewards of choosing a career as a pension plan actuary are numerous; however, it is hard work, so exams get you into this mode early on in your career. If you have an interest in finance, mathematics or consulting with plan sponsors, then a career as an actuary may be for you. ▲

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Weekend Classes—ASPA Exams

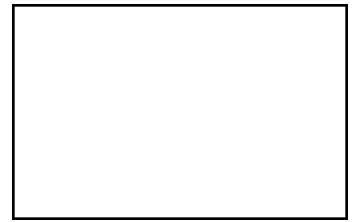
Weekend preparatory classes for ASPA's exams are being offered October 16-17, 2004 in Philadelphia, PA. The six classes (DC-1, DC-2, DC-3, DB, C-3 and C-4) will be presented by instructors who have previously taught ASPA weekend and semester-long courses or have been on the ASPA Education and Examination Committee. For more information or a registration form, contact Bill Karbon at bkarbon@optonline.net or (609) 712-3351.

The announcement of these weekend classes does not constitute endorsement by ASPA. In order to preserve the integrity of the examination process, measures are taken by ASPA to prevent class instructors from having any access to information that is not available to the general public. Accordingly, the students should understand that there is no advantage to participation in these classes by reason that they are publicized by the sponsor of the examinations.



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Keeping ASPA exam candidates in the know!

Understanding the Exam Format

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compelled to write long, drawn out answers or to repeat the question in your answer. This only wastes time. As long as your answer is complete, you will get full credit. Extra credit is not given for creative writing and prose.

Here are some helpful tips for taking an essay exam:

Set up a time schedule. C-3 and C-4 are four hours long. In order to not run out of time, allow yourself a set period of time for each question leaving at least a half an hour for overall review. When the time is up for one question, stop writing and begin the next one. There will be time remaining when the last question is completed. At that point, you can go back and review the exam and refine your answers. Six incomplete answers will usually receive more credit than three completed ones.

Read through the questions once. Answers will come to mind immediately for some questions. Write down key words when they are fresh in your mind, then go back and carefully craft your response.

Before attempting to answer a question, look at the directive words. Be careful to answer the question that is actually asked.

Outline your answer before writing. To begin writing in the hope that the right

answer will somehow turn up is time consuming and usually futile.

Take time at the end to reread your answers. Make sure that you did not omit words, parts of questions or misstate dates and figures (*i.e.*, 1353 written as 1953 or \$.60 as \$60).

Qualify answers when in doubt. It is better to say "in general" than to say "in each case." When possible, avoid very definite statements but, at the same time, answer the question thoroughly.

The E&E Committee has implemented policies and procedures to make sure that the exams are fair and directly relate to the reading. While foils (incorrect answers) may be developed to reflect common errors, there are no trick questions. As mentioned above, the answer to every question is in the reading.

Use the Learning Objectives found in the beginning of each chapter of the study guides to make sure that you have covered the required reading sufficiently and spend time on the sample questions. If you have properly prepared and are comfortable with the testing format before you sit for the exam, you should have no problem finishing the exam in the allotted amount of time. ▲

Take the Next Step in Your Pension Career!

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and distributions. Now that you have mastered the basic concepts and compliance issues for defined contributions plans, it is a good time to round out your education by tackling the complex issues that can come up now and then during your day-to-day working life. Preparing for the DC-3 examination is an excellent way to fill in any missing gaps in your pension experience and to take another step in advancing your pension career toward the Qualified Pension Administrator (QPA) designation, and ultimately the Certified Pension Consultant (CPC) designation.

You can register to take the DC-3 examination during the August examination window by completing the application in the *Program Catalog* or by going to the ASPA Web site at www.aspa.org. The early registration deadline is June 30, 2004, and the final registration deadline is July 31, 2004. The summer examination window begins August 1, 2004, and ends August 31, 2004. The early registration fee for ASPA members is \$175. If you have any questions, feel free to contact ASPA at (703) 516-9300 or via e-mail at educaspa@aspa.org. ▲