

**ASPPA**  
**RPF-2: Retirement Plan Fundamentals Part II**  
**2008 Syllabus**

Course Overview:

The objective of the Retirement Plan Fundamentals Course, Parts I and II, 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. Individuals employed in the insurance, brokerage or financial consulting professions should find that the course imparts knowledge that will increase his or her ability to assist plan sponsors and further professional development.

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

Retirement Plan Fundamentals Part II (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 function, mutual fund trading and ethics concerning trading errors.

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

Study materials:

All required reading material is listed in each topic.

Required Reading:

*RPF-2 Study Guide: Retirement Plan Fundamentals Part 2 – 2008 Edition.*  
Arlington, VA: ASPPA.

Exam:

The corresponding online exam will include 10 true/false questions and 65 multiple choice questions. **The exam is open book and must be completed by Midnight Eastern Time on December 15, 2008.**

Please make sure to check for errata and other pertinent comments/changes regarding this examination on the RPF homepage located at [http://www.asppa.org/education/ed\\_rpf\\_info.htm](http://www.asppa.org/education/ed_rpf_info.htm)

Additional Information:

All candidates are encouraged to visit ASPPA's Candidate Corner ([www.asppa.org/candidate](http://www.asppa.org/candidate)) for this exam for additional information. Please make sure to check for errata and other pertinent comments/changes regarding this examination on the RPF homepage located at [http://www.asppa.org/education/ed\\_rpf\\_info.htm](http://www.asppa.org/education/ed_rpf_info.htm). It is the candidate's responsibility to check the ASPPA website for the most current information on examinations and publications. The Candidate Corner includes information about examinations, dates, helpful studying and exam hints, up-to-date information on regulatory limits and other helpful information. You may also contact ASPPA with questions at [educasppa@asppa.org](mailto:educasppa@asppa.org).

## **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.

Learning Objectives:

The successful candidate will be able to:

- 1.01 List the data 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 HCEs from a list of employees and census data.

Exam Weighting:

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

Required Reading:

Chapter 1: *Retirement Plan Fundamentals Part 2 – 2008 Edition*. Arlington, VA: ASPPA.

## **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 Discuss how earnings and dividends are credited to participant accounts in daily recordkeeping.
- 2.02 Explain the concept of forfeitures and how forfeitures may be allocated each year in a defined contribution plan.
- 2.03 Calculate a basic contribution allocation in a given limitation year 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: *Retirement Plan Fundamentals Part 2 – 2008 Edition*. Arlington, VA: ASPPA.

### **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, ADP and 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 Determine when a plan is top-heavy.
- 3.02 List the contribution requirements that may apply to top-heavy plans.
- 3.03 Explain the basic concept of minimum coverage testing for qualified plans.

- 3.04 Define the term benefitting under a qualified plan as a function of coverage testing.
- 3.05 Identify the employees who may be excluded in coverage testing.
- 3.06 Calculate the ratio percentage test to identify whether a plan satisfies minimum coverage requirements.
- 3.07 Explain the non-discrimination tests applicable to deferrals and match.
- 3.08 List methods of correcting a failed ADP and/or ACP test.
- 3.09 Describe 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 Describe the benefits and requirements of safe harbor automatic enrollment.

Exam Weighting:

This topic will comprise approximately 13 to 15 percent of the exam questions.

Required Reading:

Chapter 3: *Retirement Plan Fundamentals Part 2 – 2008 Edition*. Arlington, VA: ASPPA.

**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 Explain the role of the recordkeeper and the administrator.
- 4.03 State the advantages and disadvantages of the bundled and unbundled approach to plan administration.

Exam Weighting:

This topic will comprise approximately 3 to 4 percent of the exam questions.

Required Reading:

Chapter 4: *Retirement Plan Fundamentals Part 2 – 2008 Edition*. Arlington, VA: ASPPA.

## **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 State the differences in distribution and transfer processing between a balance-forward and daily valuation method.
- 5.03 List the characteristics of an efficient investment offered in a daily valuation environment.

### Exam Weighting:

This topic will comprise approximately 3 to 4 percent of the exam questions.

### Required Reading:

Chapter 5: *Retirement Plan Fundamentals Part 2 – 2008 Edition*. Arlington, VA: ASPPA.

## **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 Identify who is considered a fiduciary.
- 6.02 Discuss the fiduciary's role in choosing and monitoring plan investments.
- 6.03 Summarize the objectives to balance when deciding what investment alternatives to offer in a participant-directed plan.

- 6.04 Identify required disclosures that must be given to participants to comply with ERISA §404(c).
- 6.05 Explain opportunity to exercise control and providing a broad range of investments under ERISA §404(c).
- 6.06 Differentiate between providing investment education and investment advice to plan participants.
- 6.07 Explain the key elements that should be used when discussing investment options with participants.
- 6.08 Explain what an employer must do to maintain ERISA §404(c) protection if using a default investment.
- 6.09 Explain what the fiduciary must do to maintain ERISA §404(c) protection if utilizing mapping.
- 6.10 List some responsibilities of administration firms that are considered ministerial and do not give rise to fiduciary status.
- 6.11 Explain when elective deferrals must be deposited into the trust.
- 6.12 Explain the IRS limit on early deposits of elective deferral and matching contributions into the trust.

Exam Weighting:

This topic will comprise approximately 15 to 16 percent of the exam questions.

Required Reading:

Chapter 6: *Retirement Plan Fundamentals Part 2 – 2008 Edition*. Arlington, VA: ASPPA.

**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, GICs, exchange-traded funds 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 that mutual funds invest in.
- 7.02 Differentiate among the different types of mutual funds.
- 7.03 Explain the characteristics of guaranteed investment contracts (GICs).
- 7.04 Define an equity wash restriction and explain why it may be imposed.
- 7.05 Differentiate between a mutual fund and an exchange-traded fund.
- 7.06 Discuss the administrative issues when employer stock is offered as a participant investment.

- 7.07 Identify the two methods commonly used to account for employer stock as a plan investment in a daily valuation plan.
- 7.08 Identify the requirements of the diversification notice when employer securities are an investment option.

Exam Weighting:

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

Required Reading:

Chapter 7: *Retirement Plan Fundamentals Part 2 – 2008 Edition*. Arlington, VA: ASPPA.

### **Topic 8 – 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 charges and revenue sharing.

Learning Objectives:

The successful candidate will be able to:

- 8.01 Discuss the plan fiduciary's responsibilities regarding assessing fees and disclosing fees/expenses to participants.
- 8.02 Explain mutual fund sales charges, 12b-1 fees and how mutual fund share classes affect investment fees.
- 8.03 Define investment management fees, custodial and transfer agent fees, transaction fees, sub-transfer agent fees and shareholder servicing fees.
- 8.04 Discuss the additional expenses incurred in an annuity contract.
- 8.05 Explain how assessing a market value adjustment for a guaranteed investment contract (GIC) affects a participant account.
- 8.06 Explain the different arrangements and fees that banks may offer when distribution investments.
- 8.07 Explain revenue sharing and its affect on participant account balances.

Exam Weighting:

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

Required Reading:

Chapter 8: *Retirement Plan Fundamentals Part 2 – 2008 Edition*. Arlington, VA: ASPPA.

## **Topic 9 – 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:

- 9.01 Explain the recordkeeping process for a daily valuation plan including reconciliation of fund positions, placing trade orders, processing transactions and backing-up functions.
- 9.02 Explain the process involved when participants initiate transactions to make transfers between investment funds.

### Exam Weighting:

This topic will comprise approximately 2 to 3 percent of the exam questions.

### Required Reading:

Chapter 9: *Retirement Plan Fundamentals Part 2 – 2008 Edition*. Arlington, VA: ASPPA.

## **Topic 10 – 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:

- 10.01 Define the following terms: forward pricing, trade partner, transfer agent, omnibus level trading, trading deadlines, settlement date and fund position.
- 10.02 Explain the relationship between type of funds (inside, outside and alliance) and trading deadlines.

- 10.03 Define the role of the recordkeeper, trading partner, transfer agent and mutual fund company or investment manager in a participant trade request.

Exam Weighting:

This topic will comprise approximately 3 to 4 percent of the exam questions.

Required Reading:

Chapter 10: *Retirement Plan Fundamentals Part 2 – 2008 Edition*. Arlington, VA: ASPPA.

### **Topic 11 – 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:

- 11.01 List the steps involved within a daily valued plan in executing trades to process contributions, distributions and loans.
- 11.02 Describe the four types of fund transfer requests for money already invested in a participant account.
- 11.03 Identify common payroll processing problems that occur in a daily valuation plan.

Exam Weighting:

This topic will comprise approximately 3 to 4 percent of the exam questions.

Required Reading:

Chapter 11: *Retirement Plan Fundamentals Part 2 – 2008 Edition*. Arlington, VA: ASPPA.

### **Topic 12 – Ethics in Dealing with 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:

- 12.01 Identify when and how trading errors may occur in the daily valuation environment.
- 12.02 Explain methods to avoid trading errors in the daily valuation environment.
- 12.03 Identify ethical concerns when correcting common trading errors in the daily valuation environment.
- 12.04 List the benefits of a service agreement between the service provider and the plan administrator.

#### Exam Weighting:

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

#### Required Reading:

Chapter 12: *Retirement Plan Fundamentals Part 2 – 2008 Edition*. Arlington, VA: ASPPA.

### **Topic 13 – 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:

- 13.01 List data needed and the time frame involved when converting from one retirement plan administration firm to another.
- 13.02 Define the various decisions involved when converting from balance-forward to daily valuation.
- 13.03 Summarize the blackout rules during a plan conversion.
- 13.04 Describe a blackout notice and to whom and when it is provided.
- 13.05 Define required disclosures to plan participants relating to blackout period notices.
- 13.06 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 7 to 8 percent of the exam questions.

Required Reading:

Chapter 13: *Retirement Plan Fundamentals Part 2 – 2008 Edition*. Arlington, VA: ASPPA.

**Topic 14 – 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:

- 14.01 List the three types of investment strategies used during daily to daily conversions as well as the two types of accounting methods that affect the conversions.
- 14.02 Explain common reasons for a gap between the ending balance from the prior trustee and the amount of assets received by the new trustee during a conversion.
- 14.03 State the five major reasons that balance-forward to daily conversions are the most challenging to complete.
- 14.04 Explain the additional challenges of converting from a trustee-directed to a participant-directed plan.

Exam Weighting:

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

Required Reading:

Chapter 14: *Retirement Plan Fundamentals Part 2 – 2008 Edition*. Arlington, VA: ASPPA.

**Topic 15 – 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:

- 15.01 List the reasons plan sponsors might merge two retirement plans.
- 15.02 Explain the difference between a frozen and a terminated qualified plan.
- 15.03 Summarize the general requirements for terminating a qualified retirement plan.
- 15.04 Describe the implications of terminating a plan covered by the PBGC.

Exam Weighting:

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

Required Reading:

Chapter 15: *Retirement Plan Fundamentals Part 2 – 2008 Edition*. Arlington, VA: ASPPA.