Plan Consultant – Fall 2022 Continuing Education Quiz

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Circle One

A, B, C, D 1. One of the guiding principles of the IRS Employee Plans Compliance Resolution System (EPCRs)

A. The IRS should impose penalties whenever possible.
B. Administration of EPCRS should be consistent and uniform.
C. ECPRS should only be available on a random basis so that plan sponsors don't rely on its availability.
D. The IRS should disqualify plans for any failures identified during an IRS audit.

A, B, C, D 2. A key change made by Rev. Proc. 2021-30 to EPCRS was to:

A. Expand the ability to make anonymous VCP filings.
B. Increase the sanctions the IRS could impose.
C. Expand the correction principles for overpayments from defined benefit plans.
D. Restrict the ability to self-correct operational errors through the use of a retroactive plan amendment.

A, B, C, D 3. Which of the following statements about an ESOP that holds non-publicly traded employer securities is correct?

A. The company stock must be valued at least four times per year.
B. Daily recordkeeping for the company stock is the preferred method of tracking participant account balances.
C. If a 401(k) feature is included as part of the ESOP, then it's possible to have participant directed investments over the 401(k) assets in the plan.
D. ESOPs are not permitted to have mutual funds as investments because the assets must be invested exclusively in employer securities.

A, B, C, D 4. When terminating a defined benefit plan….

A. The funding method cannot be changed in the year of plan termination.
B. The minimum funding deadline is 8 ½ months after the date of plan termination.
C. If the plan has been using an end-of-year valuation date, then the plan can only be terminated as of the last day of the current valuation period.
D. Actuarial assumptions cannot be changed in the year of plan termination.

A, B, C, D 5. Which of the following is a permissible way of handling excess assets in a terminating defined benefit plan?

A. Send the excess amounts to the PBGC.

B. Allocate the excess amounts to those participants who were limited by the IRC §401(a)(17) compensation limit.

C. Transfer the excess assets to a Qualified Replacement Plan.

D. Send the excess amounts to the Treasury.

A, B, C, D 6. Which of the following statements on Required Minimum Distributions (RMDs) is correct?

A. The determination of a deceased participant's beneficiaries is made as of September 30 following the year of the participant's death.

B. All death distributions must be made within 10 years of the participant's death regardless of who the beneficiary is.

C. Participants who were age 70 ½ prior to 2020 and had been receiving lifetime RMDs are able to suspend RMD payments until they reach age 72.

D. An Eligible Designated Beneficiary includes a child of a participant who is age 30.

A, B, C, D 7. Which of the following states does not tax DB pension plan distributions but does tax DC plan and IRA distributions?

A. Alabama

B. Alaska

C. Arizona

D. Arkansas

A, B, C, D 8. The DOL, in Compliance Assistance Release No. 2022-01, stated that:

A. Permitting plan participants to invest in cryptocurrency violates the exclusive benefit rule of ERISA.

B. Permitting plan participants to invest in cryptocurrency violates the anti-alienation provision of the Internal Revenue Code.

C. There is no fiduciary responsibility if cryptocurrency is purchased through a self-directed brokerage window.

D. Plan fiduciaries must determine whether permitting plan participants to invest in cryptocurrency satisfies the prudency requirement of ERISA.

A, B, C, D 9. Which of the following statements regarding compensation in a 401(k) plan is correct?

A. The same definition of compensation must be used for all purposes (e.g., applying the 415 limits, determining deferrals, and determining the highly compensated employees).

B. It is a best practice for a TPA firm to let the employer determine on its own whether it has provided the correct data needed to determine compensation.

C. When determining earned income for a partner based on a draft Schedule K-1, it is important to confirm whether the staff contributions have been taken into account in preparing the draft.

D. An employer can operationally change the define of compensation used to determine employer matching contributions without amending the plan document.

A, B, C, D 10. An employer that adopts a Pooled Employer Plan (PEP) is subject to which of the following fiduciary responsibilities?

A. Selecting the investments permitted under the plan.
B. Serving as the named plan administrator.
C. Performing a regular review of the PEP.
D. Selecting an independent plan auditor.

A, B, C, D 11. According to the federal government, the No. 1 form of internet fraud is:

A. Phishing
B. Spyware
C. Hijacking
D. Malware

A, B, C, D 12. The key distinction between a “to retirement vs. through retirement” glidepath for Target Date Funds (TDFs) Is:

A. The asset allocation in a “to retirement” glidepath increases to more equity investments once the presumed retirement age is reached.
B. A “to retirement” glidepath assumes participants will withdraw their funds once the presumed retirement age, or soon thereafter, is reached.
C. A “through retirement” glidepath is only permitted to invest in money market funds once the presumed retirement age is reached.
D. A “through retirement” glidepath TDF is deemed to be an imprudent default investment alternative.

A, B, C, D 13. A new wave of litigation has been based on claims that BlackRock’s Target Date Funds (TDFs):

A. Charge excessive recordkeeping fees.
B. Provide for impermissible revenue sharing with outside providers.
C. Perform significantly worse than many of the mutual fund alternatives offered by other TDF providers.
D. Charge excessive front-end sales loads.

A, B, C, D 14. Both the Senate and House retirement bills (commonly referred to as SECURE 2.0) include which of the following?

A. A new starter 401(k) type plan
B. An increase in the Required Minimum Distribution (RMD) age
C. Emergency Savings
D. A refundable saver’s tax credit

A, B, C, D 15. Which of the following statement about the ARA Code of Conduct is correct?

A. If a Member is convicted of a felony, then the individual is automatically removed as a Member of ARA.

B. The Code of Conduct makes a distinction between a conviction for a misdemeanor that does not relate to a financial matter and a conviction that is related to a financial matter.

C. There is no opportunity to rebut any sanctions under the Code of Conduct when a Member is convicted of a misdemeanor that relates to a financial matter.

D. A Member can only be subject to discipline under the Code of Conduct for a criminal conviction if the crime relates to a plan or a client.

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