Plan Consultant – Spring 2022 Continuing Education Quiz

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Circle One

A, B, C, D 1. Which of the following statements regarding the SECURE Act provision permitting a new plan to be adopted by the due date of an employer's tax return date is TRUE?

A. Participants are able to make retroactive elective deferrals.
B. The defined benefit funding deadline for the first plan year is also extended.
C. Form 5500 is not required to be filed for the retroactive plan year.
D. Contributions made for the first plan year are deductible only for the year contributed.

A, B, C, D 2. Which of the following is a key change made by the DOL's 2021 proposed ESG rule (entitled Prudency and Loyalty in Selecting Plan Investments and Exercising Shareholder Rights)?

A. ESG factors are always considered material factors when evaluating investments.
B. The tie-breaker rule requires documentation when ESG factors are used to break the tie.
C. ESG factors can be the sole factors used in selecting investments.
D. ESG factors may be used a tie-breaker when selecting a Qualified Default Investment Alternatives (QDIAs) as long as the collateral ESG benefits are disclosed to participants.

A, B, C, D 3. Which of the following individuals or firms could be held liable for a cyber theft of a plan participant's account?

A. The plan sponsor
B. The plan's recordkeeper
C. The plan's trustee
D. Any of the above could be liable depending on the facts of the case.

Circle One

A, B, C, D 4. Which of the following statements regarding the use of a beginning of the year (BOY) valuation date and end of the year (EOY) valuation date for a defined benefit plan is TRUE?

A. Small employers cannot use a BOY valuation date.
B. The target normal cost for a plan can differ depending on whether the BOY or EOY method is uses.
C. When determining the plan's target normal cost for a year, a participant's age will be the same regardless of which method is used.
D. When determining the plan's target normal cost for a year, the same segment interest rate must be used under both valuation date methods.

A, B, C, D 5. One of the biggest hurdles with permitting after-tax voluntary contributions in a plan is…

A. The ACP test
B. The ADP test
C. The IRC §415 limit
D. The IRC §402(g) limit

A, B, C, D 6. In theory, a TPA should obtain the following items from an employer when taking over the administration of the employer's plan.

A. A copy of all current and prior plan documents, including amendments.
B. The enrollment forms for all participants.
C. Benefit payout documents for all prior participants who have received a distribution.
D. All of the above.

A, B, C, D 7. The SECURE Act created a fiduciary safe harbor protection for which of the following?

A. Non-insured income options.
B. Insured income options.
C. ESG investments.
D. Cryptocurrency investments.

A, B, C, D 8. One of the key advantages of using a beginning of the year (BOY) valuation date rather than an end of the year valuation date (EOY) for a defined benefit plan is:

A. It allows results in a larger required employer contribution.
B. It costs less to administer the plan.
C. Final employer contribution numbers can be determined sooner in the year.
D. The IRS audits fewer plans using a BOY valuation.

A, B, C, D 9. An advantage of permitting after-tax voluntary contributions in a plan is:

A. It allows HCEs to contribute more than NHCEs.
B. It results in tax savings for the employer.
C. It allows HCEs to contribute over the IRC §415 limit.
D. The plan can allow a participant to convert after-tax contributions to Roth contributions regardless of a participant's income.

Circle One

A, B, C, D 10. The DOL's proposed regulation on Prudence and Loyalty in Selecting Plan Investments and Exercising Shareholder Rights removed which of the following terms that had been a key element of the prior regulations?

A. Pecuniary
B. Governance
C. Environment
D. Social

A, B, C, D 11. Which of the following steps can recordkeepers take to protect plans and participants from cyber theft?

A. Obtain life insurance protection.
B. Engage participants in the safety of their own accounts.
C. Only use cloud-based software solutions.
D. Automatically approve participant address changes.

A, B, C, D 12. The Starter 401(k) plan is a proposed type of plan that:

A. Permits contributions in excess of the IRC §415 limits.
B. Permits employer matching contributions.
C. Permits employer non-elective contributions.
D. Is not subject to nondiscrimination tests.

A, B, C, D 13. When dealing with a takeover plan, it's important to keep in mind that your sole duty is to:

A. Serve your client.
B. Serve the referring advisor.
C. Keep your employee satisfied.
D. Keep the IRS informed of any plan issues.

A, B, C, D 14. A top potential candidate plan for allowing after-tax voluntary contributions is:

A. A plan consisting of mostly HCEs.
B. A plan consisting of only HCEs.
C. A plan with a large number of NHCEs who are not currently making elective deferrals.
D. A plan which continually fails the ADP test.

A, B, C, D 15. Which of the following is an issue a TPA might encounter when setting up a plan retroactively for a prior tax year?

A. The chance IRS may audit the plan is increased significantly.
B. The plan is still established in a hurry and therefore the employer could provide bad data.
C. The client's CPA refuses to acknowledge that the plan can be established.
D. The plan sponsor provides too much data.

Name: ____

Address: ____

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