

# Plan Consultant – Winter 2022

## Continuing Education Quiz

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### Circle One

- A, B, C, D
1. Starting with audit reports and financial statements prepared for periods ending on or after Dec. 15, 2021, plans will need to direct the plan's auditor on whether...
    - A. the plan's investment information is sufficient and can be relied on without the need for the institution's statements to be audited in detail.
    - B. the plan's third-party administrator has been subject to regulatory sanctions in the past three years.
    - C. the plan has made efforts to increase plan participation rates.
    - D. the plan's investment policy statement conforms to the DOL investment policy mandate.

A, B, C, D

  2. The Department of Labor recently proposed changes to the rules for determining who is an active participant for Form 5500 purposes. The proposal, if finalized, would exclude from the active participant account individuals who...
    - A. do not have an account balance.
    - B. have compensation less than \$5,000.
    - C. elect out of automatic contributions by making an affirmative election to defer more than the default percentage.
    - D. are union employees covered by the plan.

A, B, C, D

  3. Which of the following statements regarding amendments to defined benefit plans using a beginning of the year (BOY) valuation is true?
    - A. An amendment to decrease benefits for a year cannot be recognized for funding purposes for the year, regardless of when the amendments is adopted.
    - B. An amendment to decrease benefits for a year can only be recognized for funding purposes for the year if the amendment is adopted before the 7th month of the plan year.
    - C. An amendment to increase benefits for a year can generally be recognized for funding purposes for the year if permitted by IRC §411(d)(2).
    - D. An amendment to decrease benefits for a year must be recognized for funding purposes if the amendment does not violate IRC §411(d)(6).

- A, B, C, D 4. Which of the following plan designs would be best suited for a high net worth (HNW) individual who wants to keep his or her W-2 compensation to the lowest possible amount that would be considered reasonable by the IRS?
- A. A combination profit sharing plan and defined benefit plan.
  - B. A defined plan with a permitted disparity formula.
  - C. A target benefit plan.
  - D. A 401(k) plan designed to maximize deferral capabilities.
- A, B, C, D 5. Which of the following statements about a plan sponsor's fiduciary responsibility is TRUE?
- A. The fiduciary responsibility can only be reduced if the sponsor joins a PEP.
  - B. There is no fiduciary responsibility if the sponsor joins a PEP.
  - C. All plans could potentially be designed in a manner to reduce a plan sponsor's fiduciary responsibility similar to PEPs.
  - D. A Multiple Employer Plan (MEP) that is not structured as a PEP will always result in more fiduciary responsibility for the plan sponsor.
- A, B, C, D 6. Currently, the determination of whether a worker is an independent contractor is based on what test?
- A. Economic realities test.
  - B. Substantial control test.
  - C. Working relationship test.
  - D. Independent judgment test.
- A, B, C, D 7. Which of the following is a warning sign of when it may be time to terminate a client?
- A. When the client disputes a charge on your bill.
  - B. When the client refuses to take corrective action for something that is wrong with its plan.
  - C. When the client directly contacts support staff in your firm without first going through the client relationship manager.
  - D. When the client asks questions about the plan design.
- A, B, C, D 8. Which of the following is an advantage of a Pooled Employer Plan (PEP)?
- A. A PEP will eliminate coverage and nondiscrimination problems that a plan sponsor had with an individual plan.
  - B. A PEP might limit employer flexibility in plan design thereby making it more attractive to easier for employees to understand the plan.
  - C. A PEP can reduce the plan sponsor's time working on its plan.
  - D. A PEP simplifies the plan sponsor's provider selection process because, by law, PEPs must be limited in their plan features.

- A, B, C, D 9. The Employee Benefit Security Administration (EBSA) considers which of the following to be a cyber security best practice for plan sponsors, plan fiduciaries, recordkeepers and plan participants?
- A. Have a reliable annual third-party audit of security controls.
  - B. Ensure remote employees have access to high-speed internet.
  - C. Request a return-receipt whenever using email to send unencrypted files containing sensitive data.
  - D. Have a senior officer of a plan's recordkeeper retain all passwords for employees and plan participants who have access to the plan's electronic records.
- A, B, C, D 10. Which of the following statements regarding the communication standard set forth in the American Retirement Association Code of Professional Conduct (the Code) is correct?
- A. The Code requires a member to communicate with clients perfectly with everyone all the time.
  - B. The Code imposes a higher professional standard for written communications with clients than for verbal communications.
  - C. The Code requires a member to think about the intended audience and to take relevant circumstances into account when communicating with a client.
  - D. The Code prohibits the inclusion of a warning to a client that a communication cannot be used for purposes beyond what was intended.
- A, B, C, D 11. Which of the following is recommended when you discover that a client has a plan compliance failure?
- A. The first step is to send an email to the client explaining the situation.
  - B. The client should be contacted immediately after discovering the error, even if you don't have all of the necessary information about the failure and the possible solutions.
  - C. You should outline and explain to the client the best and worst-case scenarios in deciding how to address the error.
  - D. You should try to persuade the client to use self-correction under the Employee Plans Compliance System (EPCRS) because that will always be the least expensive correction method.
- A, B, C, D 12. Which of the following are plan design trends that might be worthwhile discussing with a client as part of its upcoming defined contribution plan restatement?
- A. The removal of lump sum distributions.
  - B. The removal of participant directed investment provisions.
  - C. The inclusion of automatic enrollment provisions.
  - D. The inclusion of life insurance as a plan investment.

- A, B, C, D      13. The earliest year that the SECURE Act would require the inclusion of long-term part-time employee in a plan is:  
 A. 2023  
 B. 2024  
 C. 2025  
 D. 2026
- A, B, C, D      14. An employer maintaining a calendar year plan must adopt both a CARES Act and a SECURE Act amendment (absent an extension Congress or the IRS) by:  
 A. December 31, 2022  
 B. December 31, 2023  
 C. December 31, 2024  
 D. December 31, 2025
- A, B, C, D      15. Misclassifying an employee as an independent contractor can impact which of the following qualification requirements?  
 A. The exclusive benefit requirement (i.e., that the plan only include employees).  
 B. The IRC §410(b) coverage requirements.  
 C. The Actual Deferral Percentage (ADP) test  
 D. All of the above

Name: \_\_\_\_\_

Address: \_\_\_\_\_

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