AMERICAN SOCIETY OF PENSION PROFESSIONALS & ACTUARIES
JOINT BOARD FOR THE ENROLLMENT OF ACTUARIES
SOCIETY OF ACTUARIES

Enrolled Actuaries Pension Examination, Segment L

EA-2, Segment L

Date: Thursday, May 7, 2026

INSTRUCTIONS TO CANDIDATES

1. Special conditions generally applicable to all questions on this examination are found in a separate .PDF on the computer screen.

2. All questions should be answered in accordance with laws, rules and regulations in effect as of November 30, 2025.

3. This examination consists of 47 True/False or multiple-choice questions worth a total of 100 points. The point value for each question is shown in parentheses at the beginning of each question.

4. Your score will be based on the point values for the questions that you answer correctly. No credit will be given for omitted answers and no credit will be lost for wrong answers; hence, you should answer all questions even those for which you have to guess. Answer choices C, D, and E will be considered incorrect answers on True-False questions.

5. Do not spend too much time on any one question. If a question seems too difficult, leave it and go on.

6. While every attempt is made to avoid defective questions, sometimes they do occur. If you believe a question is defective, the supervisor or proctor cannot give you any guidance beyond the instructions on the computer screen.

7. Use the scratch paper booklets provided by Prometric for your scratch work. Extra scratch paper booklets are available if you run out of scratch paper in the booklet provided to you.

Answer Key EA-2L Spring 2026
February 23, 2026

Question	Answer
1	B
2	A
3	A
4	B
5	A
6	A
7	B
8	B
9	B
10	A
11	B
12	A
13	*Correct for all
14	B
15	B
16	A
17	A
18	A
19	B
20	A
21	D
22	B
23	A
24	D
25	D
26	D
27	B
28	B
29	B
30	E
31	B

32	**A**
33	**A**
34	**D**
35	**B**
36	**D**
37	**B**
38	**A**
39	**D**
40	**A**
41	**B**
42	**D**
43	**D**
44	**B**
45	**D**
46	**B**
47	**B**

***Question 13 was defective**

Revised 7/14/2026

Data for Question 1 (1 point)

A plan has 149 participants with accrued benefits. An amendment freezes benefit accruals for 95 active plan participants.

The amendment adopted is not in connection with an acquisition or disposition.

Consider the following statement:

> A 204(h) notice is only required to be provided at least 15 days before the effective date of the amendment.

Question 1

Is the above statement true or false?

(A) True

(B) False

Data for Question 2 (1 point)

A minimum funding waiver for the plan is submitted to the IRS under ERISA section 302(c) but not approved.

Consider the following statement:

> There is a reportable event as defined under ERISA section 4043.

Question 2

Is the above statement true or false?

(A) True

(B) False

<u>Data for Question 3</u> (1 point)

Employer A maintains a plan that was established on 1/1/2014 and closed to new entrants on 12/31/2020. It continues to provide benefit accruals to its active participants. The plan's benefit formula has never been amended.

	12/31/2020 Testing Date	12/31/2025 Testing Date
Total nonexcludable employees	400	600
Active plan participants	55	47

Consider the following statement:

> The plan satisfies the minimum participation requirements of IRC section 401(a)(26) for the 2025 plan year.

<u>Question 3</u>

Is the above statement true or false?

(A) True

(B) False

Data for Question 4 (1 point)

A plan provides a normal retirement benefit equal to 1% of average annual compensation times each year of service at normal retirement age for all employees.

The normal retirement age under the plan is the earlier of age 65 or the age at which the employee completes 10 years of service, but in no event earlier than age 62.

Consider the following statement:

> The plan provides a uniform normal retirement benefit for purposes of IRC section 401(a)(4).

Question 4

Is the above statement true or false?

(A) True

(B) False

Data for Question 5 (1 point)

Consider the following statement:

> An employee who is a nonresident alien and who receives no earned income from sources within the U.S. is treated as an excludable employee for purposes of IRC section 410(b).

Question 5

Is the above statement true or false?

(A) True

(B) False

Data for Question 6 (1 point)

Benefit formula:

Before 1/1/2022	1.50% of final compensation per year of service
After plan amendment effective 1/1/2022	1.50% of final compensation per year of service before 1/1/2022 2.25% of final compensation per year of service after 12/31/2021

Consider the following statement:

The plan's formula satisfies the 133-1/3% accrual rule under IRC section 411(b).

Question 6

Is the above statement true or false?

(A) True

(B) False

Data for Question 7 (1 point)

A plan requires one year of service for participation.

Consider the following statement:

> The plan must provide 100% vesting upon the death of the participant.

Question 7

Is the above statement true or false?

(A) True

(B) False

Data for Question 8 (1 point)

A plan requires employee contributions for participation. Participant Smith is 100% vested in both the employee- and employer-provided benefits provided by the plan.

Consider the following statement:

> The plan can allow Smith to elect a form of payment other than the qualified joint and survivor annuity without spousal consent for the portion of the benefit attributable to employee contributions.

Question 8

Is the above statement true or false?

(A) True

(B) False

Data for Question 9 (1 point)

Selected data for active participant Smith:

Date of birth	1/1/1990
Date of hire	1/1/2017
Date of death	1/1/2026

At death, Smith had been married for over one year.

Early retirement eligibility is age 55 with 10 years of service.

Consider the following statement:

> The qualified preretirement survivor annuity payable to the surviving spouse must be available on 1/1/2045.

Question 9

Is the above statement true or false?

(A) True

(B) False

Data for Question 10 (1 point)

Plan type: Statutory hybrid (cash balance)

Selected plan data:

Interest crediting rate	Annual return on equity index fund
Actual current year rate of return	-2.30%
Actual annual return for each prior plan year	10.00%

Consider the following statement:

> The reduction in a participant's account balance due to the application of the negative interest credits during the interest crediting period is permitted.

Question 10

Is the above statement true or false?

(A) True

(B) False

Data for Question 11 (1 point)

Consider the following statement:

> The initial PBGC premium due date for New and Newly Covered Plans in 2026 that are not Continuation Plans is the latest of:
>
> - The normal premium due date
> - 60 days after the date of the plan's adoption
> - 60 days after the date on which the plan became covered by Title IV of ERISA

Question 11

Is the above statement true or false?

(A) True

(B) False

Data for Question 12 (1 point)

Consider the following statement:

> The PBGC may consider a Notice of Intent to Terminate to be timely if the notice was early by a *de minimis* number of days and the PBGC finds that the early issuance was the result of administrative error.

Question 12

Is the above statement true or false?

(A) True

(B) False

Data for Question 13 (1 point)

Consider the following statement for a multiemployer plan in critical status:

> The plan may not be amended to increase benefits after the date of the adoption of a Funding Improvement Plan.

Question 13

Is the above statement true or false?

(A) True

(B) False

Data for Question 14 (1 point)

Smith is a 75-year-old vested participant who terminated prior to 2025 and did not receive any pension benefits during the 2025 plan year.

The failure is not corrected in the correction window.

Consider the following statement:

> The plan sponsor will be assessed a 25% excise tax on the unpaid required minimum distributions during 2025.

Question 14

Is the above statement true or false?

(A) True

(B) False

Data for Question 15 (1 point)

Consider the following statement regarding a prohibited transaction:

> The initial tax rate is 10% of the amount involved with respect to the prohibited transaction for each year (or part thereof) in the taxable period.

Question 15

Is the above statement true or false?

(A) True

(B) False

Data for Question 16 (1 point)

An enrolled actuary completed the 2026 valuation for a plan and discovered that the 2025 PBGC Premium filing they signed and provided to the client had not been filed.

Consider the following statement:

> The enrolled actuary must provide written notification reporting the non-filing to the PBGC.

Question 16

Is the above statement true or false?

(A) True

(B) False

Data for Question 17 (1 point)

Plan type: Statutory hybrid (cash balance)

The 2026 AFTAP was certified as 65%.

The plan sponsor adopts an amendment that increases the pay credit for all participants by $500 starting in the 2026 plan year.

The plan has no ancillary benefits.

Consider the following statement:

> The amendment is allowed to go into effect for the 2026 plan year.

Question 17

Is the above statement true or false?

(A) True

(B) False

Data for Question 18 (1 point)

Consider the following statement:

> The limitation under IRC section 436 on plan amendments increasing liability for benefits does not apply to a plan for the first 5 plan years of its existence with no predecessor plan.

Question 18

Is the above statement true or false?

(A) True

(B) False

Data for Question 19 (1 point)

Normal form of benefit: 10-year certain and life annuity

The plan does not offer an optional straight life annuity.

Consider the following statement:

> The IRC Section 415 limit must be adjusted for the 10-year certain and life annuity form of benefit using plan interest and mortality or a 5% interest rate and applicable mortality, whichever results in the smaller benefit amount.

Question 19

Is the above statement true or false?

(A) True

(B) False

Data for Question 20 (1 point)

The Plan Administrator does not issue Suspension of Benefits notices.

Plan actuarial equivalence is 5% interest rate, applicable mortality table.

Consider the following statement:

> The 415(b) dollar limitation on the annual benefit is increased if the benefit begins after age 65.

Question 20

Is the above statement true or false?

(A) True

(B) False

Data for Question 21 (3 points)

Selected information as of 1/1/2025:

Funding standard carryover balance	$ 70,000
Prefunding balance	570,000
Market value of assets	6,250,000
Actuarial value of assets	6,390,000
Funding target using stabilized segment rates	6,600,000
Funding target using non-stabilized segment rates	7,150,000
Benefit liability based on PBGC assumptions under ERISA 4044	7,465,000

X is equal to the ERISA Section 4010 FTAP for the 2025 information year.

Question 21

What is the range of **X**?

(A) Less than 77.8%

(B) 77.8% but less than 78.7%

(C) 78.7% but less than 79.6%

(D) 79.6% but less than 80.5%

(E) 80.5% or more

Data for Question 22 (2 points)

An employer provided 204(h) notices 15 days before the plan amendment's adoption and effective date.

Total plan participants	105
Affected plan participants	25

No exceptions to the excise tax are applicable.

$X = the tax amount due under IRC section 4980F for the taxable year

Question 22

In what range is ***$X?***

(A) Less than $70,000

(B) $70,000 but less than $140,000

(C) $140,000 but less than $210,000

(D) $210,000 but less than $280,000

(E) $280,000 or more

Data for Question 23 (2 points)

The plan was effective 1/1/2015. The plan pays unlimited lump sums.

Selected plan data:

AFTAP for the 2025 plan year	77%
Funding Target for the 2026 plan year	$1,200,000

The plan has no funding balances.

$X = the smallest asset value that will prevent a new ERISA 101(j) notice from being required for the 2026 plan year.

Question 23

In what range ***$X***?

(A) Less than $800,000

(B) $800,000 but less than $950,000

(C) $950,000 but less than $1,100,000

(D) $1,100,000 but less than $1,250,000

(E) $1,250,000 or more

Data for Question 24 (2 points)

Selected valuation data as of 1/1/2025:

Participant count	850
Funding target using non-stabilized segment rates	$375,000,000
Funding target using stabilized segment rates	368,000,000
Funding balances	61,500,000

$X = the minimum value of assets such that PBGC reporting would not be required under ERISA section 4010 for the 2025 plan year.

Question 24

In what range is **$X**?

(A) Less than $355,000,000

(B) $355,000,000 but less than $357,000,000

(C) $357,000,000 but less than $359,000,000

(D) $359,000,000 but less than $361,000,000

(E) $361,000,000 or more

Data for Question 25 (2 points)

Consider the following statements regarding IRC section 410(b) coverage testing:

I. Coverage testing is satisfied if the plan benefits at least 70% of non-excludable NHCEs.

II. Coverage testing is satisfied if the percentage of non-excludable NHCEs benefiting under the plan is at least 70% of the percentage of non-excludable HCEs benefiting.

III. Coverage testing is satisfied if the Average Benefit Test requirements are met.

Question 25

Which, if any, of the above statements is (are) true?

(A) I and II only

(B) I and III only

(C) II and III only

(D) I, II, and III

(E) The correct answer is not given by (A), (B), (C), or (D) above

Data for Question 26 (5 points)

Nondiscrimination testing is performed using a current plan year measurement period.

A permitted disparity factor of 0.65% is used for all participants.

Data for all participants for 2025 is as follows:

Group	Count	HCE/NHCE	2025 Plan (414s) compensation	Covered Compensation	2025 accrual	Unadjusted accrual rate
1	5	HCE	\$225,000	\$75,000	\$5,625	2.50%
2	2	HCE	225,000	90,000	4,950	2.20%
3	1	HCE	240,000	105,000	5,640	2.35%
4	10	NHCE	50,000	90,000	1,500	3.00%
5	10	NHCE	50,000	90,000	1,100	2.20%
6	20	NHCE	50,000	90,000	900	1.80%
7	20	NHCE	50,000	105,000	500	1.00%

All participants were hired after 1995.

Each participant's normal accrual rate and most valuable accrual rate are equal.

X% is the rate group ratio percentage for the HCE in group 3.

Question 26

In what range is **X%**?

(A) Less than 19.00%

(B) 19.00% but less than 30.00%

(C) 30.00% but less than 41.00%

(D) 41.00% but less than 52.00%

(E) 52.00% or more

Data for Question 27 (3 points)

Selected plan provisions:

Plan benefit formula	8% of highest 5-year average compensation per year of service
Early retirement age	Age 55 with 5 years of service
Early retirement benefit	Accrued benefit reduced 3% per year for commencement prior to normal retirement age
Vesting schedule	Top-heavy 6-year graded, 20% per year starting in year 2

Selected data for participant Smith:

Date of birth	1/1/1971
Date of hire	1/1/2016
Date of termination	12/31/2020
Compensation for all years	$80,000

Question 27

In what range is Smith's monthly vested benefit at the earliest commencement date?

(A) Less than $1,200

(B) $1,200 but less than $1,600

(C) $1,600 but less than $2,000

(D) $2,000 but less than $2,400

(E) $2,400 or more

Data for Question 28 (2 points)

Plan type: Statutory hybrid (cash balance)

Each participant falls into only one of the groups below:

Normal Retirement Age is age 65 with 5 years of participation.

Group	Participant Count
Age 62 and 2 years of participation	2
Age 70 and 2 years of participation	1
Died and not married	2
Disabled	1
5 years of participation	2
4 years of participation	2

X = the smallest number of participants whose accrued benefits must be 100% vested.

Question 28

In what range is ***X?***

(A) Fewer than 4

(B) 4

(C) 5

(D) 6

(E) 7 or more

Data for Question 29 (3 points)

Early retirement eligibility	Age 60 with 10 years of service
Early retirement benefit	Accrued benefit reduced 3% for each year the benefit commencement date precedes normal retirement date

Selected data for participant Smith:

Date of birth	1/1/1968
Date of hire	1/1/2010
Date of termination	1/1/2024
Date of marriage	1/1/2005
Annual accrued benefit	$65,000

Selected conversion factors:

Joint & 50% survivor	95%
Joint & 75% survivor (QJSA)	90%
Joint & 100% survivor	84%

Smith retires at the earliest age allowed under the terms of the plan and chooses the qualified optional survivor annuity (QOSA) as his form of payment on his annuity starting date.

$X = the minimum annual benefit payable to Smith's surviving spouse upon his death.

Question 29

In what range is ***$X***?

(A) Less than $21,500

(B) $21,500 but less than $28,000

(C) $28,000 but less than $34,500

(D) $34,500 but less than $41,000

(E) $41,000 or more

Data for Question 30 (2 points)

Consider the following statements:

I. Posting of an IRC section 417(a)(3) explanation of the qualified joint and survivor annuity (QJSA) in a heavy traffic area of the office is an acceptable method to provide such a notice.

II. Relative value of all available forms of benefit are not required to be included in an IRC section 417(a)(3) explanation of the QJSA if a non-spouse is named as primary beneficiary for a participant's benefit.

III. A plan may provide an IRC section 417(a)(3) QJSA explanation with the same content to both a married and an unmarried participant.

Question 30

Which, if any, of the above statements is (are) true?

(A) I and II only

(B) I and III only

(C) II and III only

(D) I, II, and III

(E) The correct answer is not given by (A), (B), (C), or (D) above

Data for Question 31 (3 points)

Plan type: Statutory hybrid (cash balance)

Selected plan provisions:

Annual pay credit	10% of compensation
Interest crediting rate	Equal to the actual annual rate of return on plan assets; prorata interest credit applied for partial years
Date of plan termination	12/31/2025

Data for participant Smith:

Date of hire	1/1/2023
Date of benefit payment	7/1/2026
Compensation for all years	$50,000

Selected values:

	Actual trust rate of return	IRC 430(h)(2)(C)(i)-(iii) segment rates for the prior December
2021	7.00%	{1.87%, 3.12%, 3.72%}
2022	-5.00%	{0.92%, 2.62%, 3.29%}
2023	8.00%	{1.95%, 3.50%, 3.85%}
2024	-4.00%	{4.21%, 4.86%, 4.87%}
2025	7.00%	{5.01%, 5.26%, 5.36%}

Question 31

In what range is the lump sum benefit payable to Smith on 7/1/2026?

(A) Less than $15,750

(B) $15,750 but less than $16,000

(C) $16,000 but less than $16,250

(D) $16,250 but less than $16,500

(E) $16,500 or more

Data for Question 32 (3 points)

Selected information as of 1/1/2025:

Market value of assets	$630,000
Actuarial value of assets	623,700
Standard Premium Funding Target	725,000

Participant counts as of 12/31/2024:

Vested active participants	35
Non-vested active participants	5
Non-participating employees	6
Terminated vested participants	8
Retirees in pay status	25
Deceased participants with beneficiaries receiving or with a right to receive benefits	4
Alternate payees of vested active participants	2

All participants have an accrued benefit.

The plan administrator has opted out of the Small Plan Lookback Rule.

$X is the total 2025 PBGC premium.

Question 32

In what range is ***$X***?

(A) Less than $13,200

(B) $13,200 but less than $13,600

(C) $13,600 but less than $14,000

(D) $14,000 but less than $14,400

(E) $14,400 or more

Data for Question 33 (3 points)

Selected information for 2025 PBGC premium determination:

Number of participants with benefits as of 12/31/2024	65
Number of participants with benefits as of 1/1/2025	70

Selected data as of 1/1/2025:

Market value of assets	$1,420,000
Actuarial value of assets	1,300,000
Premium funding target	2,300,000

The plan does not qualify for the small employer cap and has opted out of the Small Plan Lookback Rule.

Question 33

In what range is the total 2025 PBGC premium?

(A) Less than $53,000

(B) $53,000 but less than $53,400

(C) $53,400 but less than $53,800

(D) $53,800 but less than $54,200

(E) $54,200 or more

Data for Question 34 (4 points)

Receivable contribution for the 2024 plan year paid on 3/15/2025	$1,575,000
Effective interest rate for the 2024 plan year	5.01%

Selected valuation results as of 1/1/2025

	2025 PBGC segment rates	2025 non-stabilized rates
Funding balances		$500,000
Market value of assets (without receivable contributions)		41,000,000
Actuarial value of assets (without receivable contributions)		42,000,000
Present value of vested benefits	$42,000,000	44,000,000
Present value of non-vested benefits	1,100,000	1,200,000
Total present value of benefits	43,100,000	45,200,000

Total participant count as of 12/31/2024 232

The plan sponsor has paid PBGC premiums using the alternative method since the 2022 plan year.
$X = the smallest premium due for the 2025 plan year.

Question 34
In what range is ***$X***?

(A) Less than $25,000

(B) $25,000 but less than $50,000

(C) $50,000 but less than $75,000

(D) $75,000 but less than $100,000

(E) $100,000 or more

Data for Question 35 (3 points)

Selected plan information:

Plan effective date: 1/1/2001
Date of Plan Termination: 1/1/2025
Benefit Formula Effective 1/1/2001: \$135 per month per year of service
Benefit Formula Effective 1/1/2018: \$165 per month per year of service
Benefit Formula Effective 1/1/2022: \$200 per month per year of service

Early retirement eligibility: Age 55 and 10 years of service
Early retirement reduction: 4% for each year prior to normal retirement date

Participant data:

	Smith	Jones
Date of birth	01/01/1959	01/01/1965
Date of hire	01/01/2013	01/01/2010
Date of retirement	01/01/2023	01/01/2025

The plan sponsor has not declared bankruptcy.

\$X = the PBGC Category 3 benefit for participant Smith

\$Y = the PBGC Category 3 benefit for participant Jones

Question 35

In what range is **\$X + \$Y**?

(A) Less than \$1,000

(B) \$1,000 but less than \$1,500

(C) \$1,500 but less than \$2,000

(D) \$2,000 but less than \$2,500

(E) \$2,500 or more

Data for Question 36 (4 points)

Type of plan: Multiemployer

Method for withdrawal liability: Presumptive with mandatory *de minimis* rule

The plan had no unfunded vested benefits in any year before 2021.

Employer A completely withdraws on 2/1/2024.

No employers other than Employer A have withdrawn from the plan.

Year ending	Total unfunded	5-year sum of contributions	
12/31	vested benefits	Employer A	Total employers
2021	$840,000	$70,000	$400,000
2022	800,000	80,000	420,000
2023	870,000	80,000	430,000
2024	960,000	90,000	380,000

Question 36

In what range is the withdrawal liability for Employer A?

(A) Less than $120,000

(B) $120,000 but less than $135,000

(C) $135,000 but less than $150,000

(D) $150,000 but less than $165,000

(E) $165,000 or more

Data for Question 37 (3 points)

Type of plan: Multiemployer

Employer A has been a contributing employer under a multiemployer plan for over 10 years.

Employer A completely withdraws from the plan on 12/31/2024.

No other employers have withdrawn from the plan.

The plan's unfunded vested obligation as of 12/31/2023 is $2,300,000.
The plan's unfunded vested obligation as of 12/31/2024 is $2,400,000.

The sum of contributions for years 2019 to 2023 for Employer A are $200,000.
The sum of contributions for years 2020 to 2024 for Employer A are $250,000.

The sum of contributions for years 2019 to 2023 for all employers are $4,000,000.
The sum of contributions for years 2020 to 2024 for all employers are $4,600,000.

Withdrawal liability under the plan is computed using the rolling-5 method reflecting the mandatory de minimis rule.

Question 37

In what range is the withdrawal liability for Employer A?

(A) Less than $106,000

(B) $106,000 but less than $115,000

(C) $115,000 but less than $124,000

(D) $124,000 but less than $133,000

(E) $133,000 or more

Data for Question 38 (3 points)

Plan termination date:	12/31/2025
Asset distribution date:	6/30/2026

Selected data as of 6/30/2026:

Market value of assets	$8,500,000
Assets used to satisfy all plan liabilities	$5,000,000

In accordance with IRC section 4980, the employer transfers the minimum amount necessary to a qualified replacement plan to get the reduced excise tax rate for the reversion.

$X = the excise tax owed on the reversion.

Question 38

In what range is ***$X?***

(A) Less than $550,000

(B) $550,000 but less than $800,000

(C) $800,000 but less than $1,050,000

(D) $1,050,000 but less than $1,300,000

(E) $1,300,000 or more

Data for Question 39 (3 points)

Smith is the owner of a small company that sponsors a defined benefit pension plan.

On 1/1/2024, Smith transfers a plan-owned property valued at $75,000 to himself in exchange for $65,000 in cash paid to the plan.

On 6/30/2024, Smith takes out a loan of $200,000 from the plan. The terms of the loan include an interest rate of 9% per year, with the principal being due on 7/1/2026.

The fair market rate of interest for 2024 is 6%.

$X = the IRC section 4975 excise tax due to the prohibited transactions, if any, due for the taxable period in 2024.

Question 39

In what range is **$X**?

(A) Less than $11,000

(B) $11,000 but less than $11,750

(C) $11,750 but less than $12,500

(D) $12,500 but less than $13,250

(E) $13,250 or more

Data for Question 40 (2 points)

Consider the following statements regarding conflicts of interest:

I. A conflict of interest exists if the enrolled actuary's representation of one client will be directly adverse to another client.

II. A conflict of interest exists if there is a significant risk that the enrolled actuary's representation of a client will be materially limited by his personal interests.

III. An enrolled actuary may not perform actuarial services for a client if the representation involves a conflict of interest.

Question 40

Which, if any, of the above statements is (are) true?

(A) I and II only

(B) I and III only

(C) II and III only

(D) I, II, and III

(E) The correct answer is not given by (A), (B), (C), or (D) above

Data for Question 41 (4 points)

The plan actuary certifies the 2025 AFTAP for a plan on 3/31/2025.

The plan was effective 1/1/2015

The plan sponsor adopts a plan amendment with an effective date of 6/1/2025.

Selected information as of 1/1/2025:

Funding balances	$115,000
Actuarial value of assets	805,000
Funding target before amendment	820,000
Increase in funding target due to amendment	110,000
NHCE annuity purchases during 2023	40,000
NHCE annuity purchases during 2024	15,000
Effective interest rate	5.15%

$X = IRC section 436 contribution that the plan sponsor must make on 6/1/2025 for the amendment to take effect.

Question 41

In what range is ***$X?***

(A) Less than $43,500

(B) $43,500 but less than $53,500

(C) $53,500 but less than $63,500

(D) $63,500 but less than $73,500

(E) $73,500 or more

Data for Question 42 (3 points)

Plan effective date: 1/1/2000

As a result of a plant shutdown that occurs in 2025, the plan pays unpredictable contingent event benefits (UCEs) to eligible participants.

Selected valuation data as of 1/1/2025:

Funding standard carryover balance	$4,000,000
Prefunding balance	25,000,000
Actuarial (market) value of assets	160,000,000
Funding target before UCE benefits	240,000,000
Increase in funding target due to UCE benefits	10,000,000
Effective interest rate	5.00%

History of annuity purchases:

	2023	2024
Annuity purchases for NHCEs	$0	$650,000
Annuity purchases for HCEs	1,500,000	975,000
Total annuity purchases	1,500,000	1,625,000

The 2025 AFTAP was certified on 3/31/2025 prior to the plant shutdown.

The plan sponsor elects to reduce the funding balances in order to allow UCE benefits to be paid.

$X is the minimum amount by which the prefunding balance is reduced in order to allow UCE benefits to be paid.

Question 42

In what range is **$X**?

(A) Less than $10,000,000

(B) $10,000,000 but less than $12,000,000

(C) $12,000,000 but less than $14,000,000

(D) $14,000,000 but less than $16,000,000

(E) $16,000,000 or more

Data for Question 43 (3 points)

Pre-retirement death benefit: Present value of accrued benefits.

Plan assumptions:

Interest rate 5%
Mortality: Applicable mortality under IRC section 417(e)

Selected data for participant Smith:

Date of birth	1/1/1959
Date of hire	1/1/2012
Date of plan entry	1/1/2017
Termination date	12/31/2025
Compensation in all years	$350,000

Age	Life annuity using actuarial equivalence
65	150.64613
67	143.22468

$X = Smith's maximum allowable monthly benefit under IRC section 415, payable at December 31, 2025.

Question 43

In what range is ***$X***?

(A) Less than $22,000

(B) $22,000 but less than $23,000

(C) $23,000 but less than $24,000

(D) $24,000 but less than $25,000

(E) $25,000 or more

Data for Question 44 (4 points)

Plan actuarial equivalence: Applicable mortality and 4% interest

Selected data for participant Smith:

Date of birth	1/1/1964
Date of hire	1/1/2017
Date of participation	1/1/2019
Date of retirement	1/1/2026

Compensation	
2025	$120,000
2024	125,000
2023	115,000
2022	145,000

	Lump sum factor at age 62
Applicable mortality and 5.00%	12.5538
Applicable mortality and 4.00%	13.7582
Applicable mortality and 5.50%	12.0173
Applicable 417(e) assumptions	11.9397

$X = Smith's maximum lump sum benefit allowable under IRC section 415 upon retirement.

Question 44

In what range is ***$X***?

(A) Less than $1,382,000

(B) $1,382,000 but less than $1,423,000

(C) $1,423,000 but less than $1,464,000

(D) $1,464,000 but less than $1,505,000

(E) $1,505,000 or more

Data for Question 45 (2 points)

Smith participates in a plan with the following provisions:

Participation	Age 21 with 1 year of service
Accrued benefit	8% of final 3-year average salary per year of service

Selected data for participant Smith:

Date of birth		1/1/1961
Date of hire		1/1/2016
Date of retirement		1/1/2026
Final 3-year average salary	$	340,000

$X is the annual normal retirement benefit after application of IRC section 415.

Question 45

In what range is **$X**?

(A) Less than $235,000

(B) $235,000 but less than $245,000

(C) $245,000 but less than $255,000

(D) $255,000 but less than $265,000

(E) $265,000 or more

Data for Question 46 (4 points)

Valuation date:12/31/2025

Normal retirement benefit formula: 1% of highest consecutive 3-year average compensation for each year of service

The plan provides the lowest top-heavy minimum allowable.

Data for non-key participant Smith:

Date of birth 1/1/1961
Date of hire 1/1/2009

Year	Compensation
2009 - 2012	$50,000 each year
2013	55,000
2014	60,000
2015	62,000
2016	65,000
2017	68,000
2018	72,000
2019	72,000
2020	75,000
2021	65,000
2022	75,000
2023	68,000
2024	90,000
2025	90,000

The plan was determined to be top-heavy for the 13 years from 2011 through 2023, inclusive.

A key employee benefited in every year since 2013.

$X = Smith's annual accrued benefit as of 12/31/2025.

Question 46

In what range is ***$X***?

(A) Less than $14,300

(B) $14,300 but less than $17,300

(C) $17,300 but less than $20,300

(D) $20,300 but less than $23,300

(E) $23,300 or more

Data for Question 47 (3 points)

Normal retirement benefit: 1.0% of final 3-year average compensation for each year of service.

Data for non-key participant Smith:

Date of hire 1/1/2016

Year	Compensation
2016	$76,000
2017	76,000
2018	78,000
2019	82,000
2020	82,000
2021	81,000
2022	81,000
2023	76,000
2024	82,000
2025	89,000

The plan was top-heavy for the 2016 through 2023 plan years, and the plan provides the minimum top-heavy benefit required under IRC section 416.

A key employee benefited in every year since the plan's inception.

Question 47

In what range is Smith's annual accrued benefit as of 12/31/2025?

(A) Less than $12,880

(B) $12,880 but less than $13,060

(C) $13,060 but less than $13,240

(D) $13,240 but less than $13,420

(E) $13,420 or more

****END OF EXAMINATION****