

# Plan Consultant – Spring 2024 Continuing Education Quiz

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## Circle One

- A, B, C, D      1.    What is a typical characteristic of companies interested in pairing a Cash Balance plan with a 401(k) plan?
- A. They are primarily concerned about minimizing administrative fees.  
B. They are usually startups with limited profits.  
C. They often have substantial profits and seek large tax deductions.  
D. They prioritize daily valuation and participant web access.
- A, B, C, D      2.    How does the DOL propose to modernize the definition of "fiduciary" under the new proposed investment fiduciary rule?
- A. By excluding small business owners from fiduciary responsibilities.  
B. By simplifying the process of becoming a fiduciary.  
C. By expanding the scope of who qualifies as a fiduciary.  
D. By narrowing the circumstances under which someone is considered a fiduciary.
- A, B, C, D      3.    What significant change to Prohibited Transaction Exemption (PTE) 2020-02 does the American Retirement Association find inconsistent with the DOL's stated position on the proposed investment fiduciary regulation?
- A. The inclusion of a proscriptive list of business and compensations models.  
B. The extension of fiduciary responsibilities to insurance agents and companies.  
C. The removal of commission-based compensation options.  
D. The addition of a sophisticated investor carve-out.
- A, B, C, D      4.    What design changes are recommended to an employer's existing 401(k) plan when adding a new Cash Balance (CB) plan that will be tested with the 401(k) plan for non-discrimination purposes?
- A. Ensuring the 401(k) plan includes discretionary contributions for NHCEs.  
B. Amending the 401(k) plan to use different HCE definitions from the CB plan.  
C. Providing that the top-heavy minimum benefits will be provided by the CB plan.  
D. Excluding all HCEs from the 401(k) plan.

- A, B, C, D      5.    What is a potential consequence of exceeding the employer contributions limit of 6% of compensation in a Cash Balance (CB) plan that is exempt from PBGC coverage?
- A. The employer may face penalties from the PBGC.  
B. The employer's ability to deduct planned CB contributions may be compromised.  
C. The 401(k) plan may become ineligible for the top-heavy exemption.  
D. The employer's profit-sharing contributions may need to be refunded.
- A, B, C, D      6.    How does 3% non-elective Safe Harbor contribution benefit a combination Cash Balance (CB) and 401(k) plan arrangement?
- A. It ensures HCEs receive higher contributions compared to NHCEs.  
B. It counts towards the top-heavy minimum contribution requirement for non-key employees.  
C. It eliminates the need to provide a gateway contribution.  
D. It allows for a higher deduction limit for CB plan contributions.
- A, B, C, D      7.    Under Proposed Treasury and IRS regulations, forfeitures in a defined contribution plan must be used within how many months after the plan year in which the forfeitures are incurred?
- A. 6  
B. 12  
C. 18  
D. 24
- A, B, C, D      8.    What is an argument used by the defendants in the lawsuits that claim there was a breach of fiduciary duty in using forfeitures to reduce employer contributions?
- A. By asserting that fiduciaries have no control over plan expenses.  
B. By claiming that the use of forfeitures to offset employer contributions is required by the DOL.  
C. By arguing that plan participants have received greater benefits than they would otherwise have.  
D. By asserting that the decision on how to use forfeitures is a settlor decision, not a fiduciary decision.
- A, B, C, D      9.    What is a potential consequence to plan administrators who file deficient independent audits with their Form 5500 submission?
- A. Imposing fines based on the size of the plan.  
B. Requiring additional training for plan administrators.  
C. Rejecting plan filings and assessing daily penalties.  
D. Issuing warning and suspending plan benefits.

- A, B, C, D      10. What provision of SECURE 2.0 has caused a significant shift in plan design conversations?
- A. The expansion of the self-correction program.
  - B. The long-term part-time employee eligibility rules.
  - C. The ability to convert SIMPLE plans to 401(k) plans.
  - D. The ability to have designated Roth employer contributions.
- A, B, C, D      11. How do many recordkeepers and TPAs perceive the provision that allows Roth employer contributions?
- A. As a necessary enhancement.
  - B. As a beneficial addition for plan sponsors.
  - C. As a complication to avoid.
  - D. As a feature to implement immediately.
- A, B, C, D      12. What 401(k) plan design has become increasingly popular due to the recent legislative changes?
- A. Pension Linked Emergency Savings Accounts (PLESAs).
  - B. Participant loan provisions.
  - C. Qualified Automatic Contribution Arrangements.
  - D. Hardship distributions.
- A, B, C, D      13. What role does the Pooled Plan Provider (PPP) play in a Pooled Employer Plan (PEP)?
- A. Acting as a financial advisor to participating businesses.
  - B. Overseeing the investments of the plan.
  - C. Managing the enrollment process for participants.
  - D. Serving as the independent fiduciary and selecting service providers.
- A, B, C, D      14. What is a primary obstacle to fully harnessing Artificial Intelligence (AI) in retirement plan servicing?
- A. Lack of integration of retirement industry-specific expertise.
  - B. Lack of computational power.
  - C. Excessive government regulation.
  - D. Limited availability of Large Language Models (LLMs).
- A, B, C, D      15. Which of the following is recommended for the attendance of TPAs and recordkeepers at plan committee meetings for small plans?
- A. They should attend every meeting to ensure comprehensive support.
  - B. Attendance should be limited to meetings addressing operations and administration.
  - C. Financial advisors should handle all meetings independently.
  - D. TPAs should attend meetings virtually rather than in person.

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