

# Plan Consultant – Winter 2024 Continuing Education Quiz

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## Circle One

- A, B, C, D      1. Which of following statements regarding the automatic enrollment mandate under SECURE 2.0 is true?
- A. Employers with less than ten employees are exempt from the requirement.
  - B. The mandate only applies to plans with a six-year graded vesting schedule.
  - C. Plans established before 2026 are not required to include auto-enrollment features.
  - D. The law allows a grace period of two years before requiring auto-enrollment for a new plan.
- A, B, C, D      2. The biggest challenge when using automatic enrollment and automatic increases is:
- A. Employees don't like a paternalistic approach to plan design.
  - B. It is difficult to implement with a multi-lingual employee population.
  - C. Making sure the client understands what is required and builds internal payroll procedures.
  - D. The IRS has made it more expensive to correct automatic enrollment failures.
- A, B, C, D      3. What is the main focus of the DOL's proposed investment fiduciary rule?
- A. Introducing a sweeping regulatory overhaul in retirement services.
  - B. Prohibiting the use of hard to value plan assets.
  - C. Eliminating the ability to base investment fees on a percentage of plan assets.
  - D. Mitigating the negative effects of conflicts of interest.
- A, B, C, D      4. What is a key criticism expressed by opponents of the DOL's proposed investment fiduciary rule?
- A. The proposal does not adequately address concerns from critics that were raised in the 2016 rules.
  - B. A common standard of care among investment professionals is unfair.
  - C. A best interest isn't needed because a suitability standard is sufficient to protect investors
  - D. Sen. Bernie Sanders sees the rule as a victory for working families.

- A, B, C, D
5. What major change does the DOL's proposed fiduciary rule propose regarding the definition of "investment advice" under the Employee Retirement Income Security Act (ERISA)?
- A. Eliminating the best interest standard of care.
  - B. Introducing a clearer distinction between sales recommendations and advice.
  - C. Replacing the current test with a standard based on facts and circumstances.
  - D. Rejecting the fiduciary standard of care for one-time advice or rollover recommendations.
- A, B, C, D
6. What advantage do Health Savings Accounts (HSAs) offer over 401(k) plans when it comes to paying for health care expenses in retirement?
- A. HSAs have a higher contribution limit than 401(k) plans.
  - B. HSAs provide a triple tax advantage for health care expenses.
  - C. 401(k) distributions are not taxed when used for health care.
  - D. HSAs can be subject to more restrictive vesting requirements than 401(k) plans.
- A, B, C, D
7. According to Sara Caddy and Tara Kahler, what steps should employees take regarding their HSAs and 401(k)s?
- A. Make sure HSAs are funded and contribute to both HSAs and 401(k)s.
  - B. Only contribute to HSAs and avoid 401(k) contributions.
  - C. Withdraw from 401(k)s to cover medical expenses in retirement.
  - D. Leave HSAs unfunded until retirement to maximize savings.
- A, B, C, D
8. What is the main allegation in the lawsuits filed against several major corporations regarding their choice of the BlackRock LifePath target date fund in their 401(k) plans?
- A. The BlackRock LifePath fund has higher fees compared to other target date funds.
  - B. The BlackRock LifePath fund relies on a "to" retirement glidepath design, making it inappropriate.
  - C. ERISA fiduciary violations due to underperformance compared to other target date funds.
  - D. The BlackRock LifePath fund is a passively managed index fund with lower fees.
- A, B, C, D
9. What is the primary argument presented in the amicus brief filed by the American Retirement Association (ARA) in support of plan fiduciary defendants in the BlackRock LifePath target date fund litigation?
- A. The plaintiffs failed to include relevant comparator funds in their lawsuit.
  - B. The lawsuits create a flawed theory that could lead to widespread fiduciary strike suits.
  - C. The BlackRock LifePath fund's performance was appropriately compared to other funds.
  - D. The ARA supports the plaintiffs in their claims against plan fiduciaries.

- A, B, C, D      10. Why did Congress mandate the use of a 24-month average of current corporate bond segment rates for calculating plan liabilities under the Pension Protection Act (PPA) of 2006?
- A. To simplify the actuarial calculations for pension plans.
  - B. To align plan liabilities more closely with the current economic environment.
  - C. To allow actuaries to set their own interest rates for calculating liabilities.
  - D. To decrease the minimum required contributions for pension plans.
- A, B, C, D      11. What factors might contribute to an independent auditor's opinion not being available in time for the Form 5500 filing deadline?
- A. The plan is unable to find an auditor that is independent.
  - B. The auditor not being aware of the filing deadline.
  - C. There have not been any plan operational errors.
  - D. The late engagement of the independent auditor.
- A, B, C, D      12. What recommendation is suggested to plan administrators facing the decision of whether to file Form 5500 without the auditor's opinion?
- A. File Form 5500 late to avoid potential penalties.
  - B. File Form 5500 timely and accurately, attaching a statement about the auditor's opinion being in process.
  - C. Do not file Form 5500 until the auditor's opinion is available.
  - D. File Form 5500 with minimal information to avoid penalties.
- A, B, C, D      13. How does the SECURE 2.0 Act of 2022 impact the requirement for automatic enrollment in new plans?
- A. It encourages plan sponsors to consider automatic enrollment but doesn't mandate it.
  - B. It sets a deadline of 2025 for all plans, regardless of when established, to adopt automatic enrollment.
  - C. It mandates automatic enrollment for most new plans established after December 29, 2022.
  - D. It has no impact on the automatic enrollment requirement for new plans.
- A, B, C, D      14. What is a key feature of a "starter 401(k) plan"?
- A. There is no Actual Deferral Percentage (ADP) or top-heavy testing.
  - B. Generous employer contributions are allowed.
  - C. Participants may make unlimited catch-up contributions.
  - D. It is exclusively designed for non-resident aliens.
- A, B, C, D      15. What new controversial compliance question must be completed on the 2024 Form 5500s relating to IRS pre-approved plans?
- A. The number of plan participants.
  - B. The name of the plan sponsor's CEO.
  - C. The date and serial number of the plan's opinion letter.
  - D. The total assets held by the retirement plan.

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

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