

Plan Consultant – Fall 2024 Continuing Education Quiz

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Circle One

A, B, C, D 1. What does the Funding Target represent in a Defined Benefit or Cash Balance Plan?

- A. The minimum amount that must be contributed annually by the employer.
- B. The projected retirement benefit for each participant.
- C. The sum of the present values of participant accrued benefits.
- D. The maximum contribution that can be made to the plan in a year.

A, B, C, D 2. What is the maximum tax-deductible contribution in a pension plan based on?

- A. The amount required to fully fund the plan for the next five years.
- B. A fixed percentage of the company's total payroll.
- C. The total of the Funding Target, Normal Cost, and a Cushion Amount minus the plan's assets.
- D. A participant's accrued benefit multiplied by the corporate bond rate.

A, B, C, D 3. What is the impact of IRC §415 on distributions from a defined benefit plan?

- A. It ensures all participants receive equal payouts from the plan.
- B. It guarantees that overfunded plans can distribute extra assets tax-free.
- C. It requires participants to receive their full Accrued Benefit as a lump sum.
- D. It caps the amount a participant can receive based on compensation and the dollar limit set forth in the IRC.

A, B, C, D 4. What should be included in your communication with retirement plan clients regarding year-end tasks?

- A. A detailed history of past performance.
- B. Deadlines, expectations, and potential fees for non-compliance.
- C. The company's profit margins for the year.
- D. General updates on unrelated topics.

A, B, C, D 5. What is one of the primary arguments that critics of the term "retirement crisis" make?

A. The data used to support the claim of a retirement crisis is faulty.
B. The retirement system has completely failed to meet people's needs.
C. Social Security is insufficient to support retirees.
D. Defined contribution (DC) plans are no longer effective.

A, B, C, D 6. What is one of the main factors contributing to retirement anxiety among Americans?

A. Rising gasoline prices.
B. Concerns about the future of Social Security.
C. Lack of employer-sponsored retirement plans.
D. Insufficient contributions to 401(k) accounts.

A, B, C, D 7. Which of the following is a primary reason why plan sponsors should not rely solely on their financial advisor's recommendation when selecting a 401(k) provider?

A. Financial advisors are always well-versed in 401(k) plan options.
B. Plan sponsors must make an independent, informed decision as fiduciaries.
C. Financial advisors are responsible for plan compliance.
D. Financial advisors have no role in the 401(k) provider selection process.

A, B, C, D 8. How does a Third-Party Administrator (TPA) benefit an advisor who only handles a few plans?

A. By providing proprietary investment products.
B. By replacing the advisor's role in managing retirement plans.
C. By helping with plan design, compliance, and sales support.
D. By charging lower fees than bundled providers.

A, B, C, D 9. The key factor in determining who the employer of worksite employees is for qualified plan purposes is....

A. Which organization handles payroll.
B. Which organization provides employee benefits.
C. Which organization has the right to direct and control the employee's work.
D. Which organization has the most employees.

A, B, C, D 10. Why is it important to confirm the employment relationship before establishing a defined benefit plan for owners only?

A. To ensure that the PEO handles all employee benefits.
B. To comply with the IRS's exclusive benefit rule under IRC §401(a).
C. To avoid having to offer benefits to all employees.
D. To maximize tax benefits for the owner.

A, B, C, D 11. Which of the following is recommended to be part of the retirement plan committee?

- A. Only the CEO and CFO
- B. Only external vendors like investment advisors and TPAs.
- C. Any employee who volunteers.
- D. A mix of company management and at least one rank-and-file employee.

A, B, C, D 12. What is a key component of educating first-time plan sponsors?

- A. Providing them with investment advice for their employees.
- B. Guiding them through the recordkeeping website and their plan responsibilities.
- C. Teaching them how to choose the best retirement plan provider.
- D. Offering them state-mandated retirement plan options.

A, B, C, D 13. The major benefit of data aggregators in the TPA industry is...

- A. They reduce the need to enter data into multiple systems, minimizing human error.
- B. They eliminate the need for human interaction in data collection.
- C. They increase the amount of data collected from clients.
- D. They replace traditional customer relationship management and compliance software

A, B, C, D 14. Which of the following is one of the key benefits of a Solo 401(k) plan compared to a traditional IRA?

- A. Higher contribution limits.
- B. Automatic employer matching.
- C. Lower administrative costs.
- D. Non-elective contributions are required.

A, B, C, D 15. The sponsor of a Solo 401(k) plan can be entitled to a tax credit if which of the following features is added to the plan?

- A. The ability to make non-elective contributions.
- B. An Eligible Automatic Contribution Arrangement (EACA).
- C. A participant loan feature.
- D. Roth contributions.

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