

Corrections and Additions to EA-2L Course Outline and Problems Spring, 2013

The final Joint Board syllabus included the addition of Revenue Ruling 2012-4 to the recommended reading list. This ruling has been summarized below.

In addition, the final syllabus does not include the rules regarding MAP-21 (covered in the outline on pages 473 – 482). It is therefore highly unlikely that this information would be tested, although the syllabus does state that the readings are only recommended, and that it is possible that other items could be tested. Traditionally that is not the case. It might be a good idea, though to, at a minimum, know when the MAP-21 rates are (and are not) used for EA-2L topics, as outlined on the bottom of page 474 and on page 475.

Page 489: Revenue Ruling 2012-4 has been added to the syllabus. The summary of the ruling is:

This ruling describes a situation where a defined benefit plan accepts a rollover for a participant from a defined contribution plan of the same employer. This rollover is considered to be treated as a mandatory employee contribution in the DB plan, and must be converted to an equivalent life annuity following the rules of IRC section 411(c). That conversion would include using the applicable interest rate and mortality table described under IRC section 417(e)(3).

If the defined benefit plan used a conversion that did not follow the rules of IRC section 411(c), and that conversion resulted in an equivalent life annuity smaller than what the use of the applicable interest rate and mortality table would provide, then the plan would be in violation of IRC section 411(a)(1) – potentially a disqualification issue. That is, the plan would have allowed a forfeiture of part of the rollover contribution.

If the conversion resulted in a benefit larger than what the use of the applicable interest and mortality would provide, then the excess benefit would need to be considered as part of the defined benefit plan accrued benefit that counts towards the IRC section 415(b) limit.