

Corrections and Modifications to 2008 EA-2A Exam Solutions

- Question 2: The references to IRC sections 430(f)(8) and 430(f)(8)(B)(ii) should read 430(f)(6) and 430(f)(6)(B)(ii), respectively, in the second to last paragraph of the solution.
- Question 5: The reference to IRC section 416(g)(A) should read 416(g)(4)(A) in the paragraph concerning the treatment of rollovers.
- Question 15: Note that answer choice A has also been allowed as an acceptable answer by the Joint Board, as mentioned as a possibility at the end of the solution to this question.
- Question 17: The reference to IRC section 432(b)(2)(1) should read 432(b)(1).
- Questions 21, 30, 35, 36, 37, 41, and 43: In the paragraph dealing with the exemption from the funding shortfall base, the parenthetical phrase “reduced by only the prefunding balance to the extent it is used to reduce the current year’s minimum required contribution, but not reduced by the funding standard carryover balance” should be replaced by “reduced by the total pre-funding balance if the employer elects to use any part of it for 2008 to reduce the minimum contribution requirement, but not by the funding standard carryover balance.”
- Question 22: Note that there should be some consideration as to the amount of the 12/31/2007 accrued benefit, as limited under IRC section 415(b), because for years prior to 2008 the compensation limit of IRC section 415(b) ignores the IRC section 401(a)(17) compensation maximum. As a result, the accrued benefit as of 12/31/2007 can be grandfathered if it would be reduced only on account of the application of 401(a)(17) in years after 2007. It should be fairly obvious in this question that there is no need to go back to 12/31/2007, since the dollar maximum in 2007 would only include 4 years of plan participation, and would clearly be far less than the \$135,000 415 limit for 2008.
- Question 24: The reference to the prefunding balance should be the funding standard carryover balance.
- Question 25: The note at the end of the question with regard to the comparison of AVA and MVA should be ignored. In a question of this type where you are given the AVA, it should by definition already be within 10% of the MVA.

Question 26: The note at the end of the question with regard to the comparison of AVA and MVA should be ignored. In a question of this type where you are given the AVA, it should by definition already be within 10% of the MVA.

Question 32: All references to “Brown” should read “Jones.” In the first paragraph, Smith has 31 years of service, not 30.

Question 42: The first equation is missing a plus (+) sign, and should read:

$$(\$700 \times 600) + (4\% \times \$8,325,000) = \$753,000$$

Question 45: For the determination of the present value of the early retirement benefit in the solution for Smith, \$6,912 should read \$691.20.