

## **Corrections and Additions to EA-2A Course Outline and Problems Fall, 2009**

Note concerning proposed regulations under PPA: Proposed regulations are typically not tested on EA exams. However, the final syllabus effective July, 2009 has added the proposed regulations under IRC sections 430, 431, and 432 to the recommended reading list, and makes it clear that the issues described in the proposed regulations can be tested. The outline has already incorporated the issues described in the proposed regulations, and it is recommended that at the very least, all numerical examples in the proposed regulations be reviewed for a greater understanding of funding under PPA.

The following are specific corrections, additions, and deletions to the Course Outline and Review Questions, referenced by page number.

Page 76: In the data for question 22, the date of deposit of contribution Y should be 1/1/2009 (not 7/1/2009).

Page 95: The transitional funding shortfall (using 94%) applies for 2009, so that should have been used rather than the funding shortfall. The solution following the determination of the 1/1/2009 funding standard carryover balance should read:

The transitional funding shortfall as of 1/1/2009 is equal to the sum of the outstanding balance of the prior year shortfall amortization bases plus the amount of the 2009 shortfall amortization base (IRC section 430(c)(3)).

Recalling that the transitional funding shortfall is equal to the excess (if any) of 94% of the funding target over the actuarial value of the plan assets (reduced by the funding standard carryover balance and the prefunding balance – which is unknown at this point),

$$\begin{aligned}\text{Transitional funding shortfall}_{1/1/2009} &= (94\% \times \$780,000) \\ &\quad - (\$625,000 - \$31,950 - \text{Prefunding balance}_{1/1/2009}) \\ &= \$150,435 + \$39,047 \\ &= \$189,482\end{aligned}$$

$$\text{Prefunding balance}_{1/1/2009} = \$49,332$$

Page 297: The reference to question 90 at the end of the solution should be to question 102.

Page 443: The final syllabus has deleted Revenue Rulings 95-28 and 95-31 from the reading list.

Page 444: The final syllabus has deleted Revenue Ruling 2001-62 from the reading list.

Page 446: The final syllabus has deleted Revenue Notice 83-10 from the reading list. In addition, Revenue Notice 2009-22 has been added to the reading list. This notice describes the asset valuation methods that can be used under PPA, and should be reviewed. The impact of this notice is discussed on pages 18 and 19 of the outline, and illustrated in question 33 on page 100.