

**ERRATA TO
SOLUTIONS FOR THE
2005 EA-2A EXAM**

Question 6: There is a typographical error in the middle of this solution. The fractions in the determination of the smoothed values were inadvertently omitted. The calculation of the smoothed values should read:

$$\begin{aligned}1/1/2004 \text{ smoothed value} &= 3,600,000 + \frac{2}{3}(787,000) + \frac{1}{3}(1,146,500) \\ &= 4,506,833 \\ 1/1/2005 \text{ smoothed value} &= 4,500,000 - \frac{2}{3}(544,500) + \frac{1}{3}(787,000) \\ &= 4,399,333\end{aligned}$$

Question 22: The 1/1/2005 accrued liability is 11,054 (not 10,331).

Question 28: The actuarial assets as of 1/1/2005 should be 116,746 (not 116,946). As a result, the last couple of lines of the solution should read:

$$\text{Actual assets}_{1/1/2005} = 116,746$$

$$\begin{aligned}2004 \text{ asset gain} &= \text{Actual assets}_{1/1/2005} - \text{Expected assets}_{1/1/2005} \\ &= 116,746 - 107,000 = 9,746\end{aligned}$$

Question 30: The 2004 minimum is 111,300 (not 111,500).

Question 35: The ERISA full funding limitation is in error. Revenue Ruling 82-125 requires that the full funding limit for IRC section 404 always be determined as of the end of the **plan** year (not the fiscal year). Therefore, interest should be given for the full year, and the ERISA full funding limit should be:

$$\begin{aligned}[(1,460,000 + 225,000) \times 1.07] - [(1,720,000 \times 1.07) - 275,000] \\ = 237,550\end{aligned}$$

This has no impact on the eventual numerical solution to the question.