

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

Question 39: There is an alternative solution. Exam general condition number 7 states that annuities are to be paid monthly. Therefore, although the question provides the increase in the benefit in 2004 to be an annual amount, general condition 7 would seem to indicate that it is actually an annual amount payable monthly. Therefore, the given annual annuity due would need to be converted to a monthly annuity due. This (using standard approximations) is:

$$\ddot{a}_{65}^{(12)} = \ddot{a}_{65} - 11/24 = 7.95 - 11/24 = 7.4917$$

Using this in the calculations done in the original solution in place of the annual annuity due:

$$4,000 \times \ddot{a}_{65}^{(12)} \times v_{8.5\%}^{40} = 4,000 \times 7.4917 \times .0383 = 1,148$$

$$\text{Benefit percentage} = (1,148 + 7,500 + 2,500)/150,000 = 7.432\%$$

This still falls within answer range C.