

Corrections and Modifications to 2020 EA-2L Exam Solutions (as of 5/3/2021)

Question 21: The solution to this question is correct, but at the end it should say “Answer is B.”

Question 24: The reference to 60 days should read 90 days in this solution.

Question 29: The question states that Y is equal to the minimum number of employees receiving meaningful benefits, not NHCEs. This does not change the answer range which is still A. The last part of the solution has been changed to reflect this, as follows:

Using the 40% rule to satisfy the minimum participation rules:

$$40\% \text{ of } 40 = 16 \quad \rightarrow \quad Y = 16$$

At least 16 employees must receive a meaningful benefit in order to satisfy the minimum participation rules. Note that it is given that there are 2 HCEs benefiting under the plan. Had there been no HCEs benefiting under the plan, then the correct answer would be Y=1, because a plan that does not benefit any HCEs automatically satisfies the minimum participation requirement.

$$X + Y = 18 + 16 = 34$$

Question 38: In the 4th paragraph of the solution, the reference to Employer B in the last sentence should be to Employer A. So, that sentence should read “In addition, the contributions made by Employer A are not included in the liability allocation ratio.”