

EA-2L

OVERHEADS

SPRING 2020

# **GUIDELINES**

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- 1. Old Exams Too Simple**
- 2. Good Multifunction Calculator**
- 3. Read Questions Carefully**
- 4. "My Way" Versus Right Way (PUC)**
- 5. Avoid Arithmetic Errors - Compare Answer To Ranges (later - page 5)**
- 6. Know All Conditions - General and Pension**

## **MISCELLANEOUS CONDITIONS**

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- 13. Applicable mortality/interest: defined in 417(e)(3)**
- 14. Plan is not an “applicable defined benefit plan” (Cash Balance) under 411(a)(13)(C)**
- 18. Grouping of rates has not been used for nondiscrimination, unless mentioned**
- 19. For 410(b), assume no snapshot testing or imputed permitted disparity**
- 20. AFTAPs have been certified on a timely basis**
- 21. Plan provisions reinstate accruals that ceased due to IRC 436**

## **MISCELLANEOUS CONDITIONS**

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- 28. Check that compensation values are less than 401(a)(17) limit (if given sufficient information)**
- 29. Check that benefit values are less than 415 limits (if given sufficient information)**
- 30. Plan is covered by PBGC**
- 31. "union" == "collectively bargained"**
- 32. Plan sponsor has never been in bankruptcy**
- 33. PBGC has determined that plan was terminated for legitimate business purpose**
- 36. Disregard industry-specific rules and PPA delayed effective dates**

## **"EA-2F" CONDITIONS**

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- 16. Asset values are prior to adjustment for credit balance, carryover balance or prefunding balance**
  
- 35. Assume all due dates are NOT Saturday, Sunday or holiday**

**Above exam conditions modified to be more consistent with EA-2F exam conditions**

# CHANGES FOR 2020 EXAM

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## New exam condition

39. Multiemployer plan is not in endangered status ...

## New reading list – *PBGC Technical update 19-1 4010 Financial Information Reporting Waiver*

- Old rule: filer may submit consolidated financial statements BUT filer must also report financial information for each non-exempt member
- New rule – filers whose ultimate parent company is not a foreign entity: reporting member specific information is WAIVED
- New rule – filers whose ultimate parent company is a foreign entity: reporting member specific information is WAIVED if filers provide financial information for US controlled group members

## Removed from reading list:

*Field Assistance Bulletin 2018-01*

# IMPLIED RANGES

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Sample Answer Ranges:

- A. <10,000
- B. 10,000 - 10,500
- C. 10,500 - 11,000
- D. 11,000 - 11,500
- E. 11,500 ++

Which answers may be the result of arithmetic errors?

5,000    9,000  
9,800    12,500

# SUMMARY OF RECENT EXAMS

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	<b>10</b>	<b>11</b>	<b>12</b>	<b>13</b>	<b>14</b>	<b>15</b>	<b>16</b>	<b>17</b>	<b>18</b>
<b>PBGC</b>	7.5	10.5	7.5	9.3	5.5	7.8	6.5	6.0	6.0
<b>§415/416</b>			5.5	5.8	4.5	5.8	5.0	8.8	6.5
<b>§401/410</b>	6.5	4.3	5.0	3.3	5.0	6.8	5.5	4.5	7.8
<b>§411/417</b>	3.8	7.0	3.5	5.0	4.0	3.5	4.0	4.0	2.8
<b>§436</b>	4.5	3.8	2.3	2.5	4.5	1.5	4.3	2.3	3.8
<b>MULTI</b>	3.3	2.3	2.0	2.8	1.5	1.3	2.5	1.5	1.3
<b>OTHER</b>	5.8	2.3	4.0	3.0	2.3	2.0	1.5	3.0	1.5
<b>TOTAL</b>	31.4	30.2	29.8	31.7	27.3	28.7	29.3	30.1	29.7

<b>Total for last 9 years</b>	<b>Normalized: Last 5 Yr</b>
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	<b>Num</b>	<b>Avg</b>	<b>Percent</b>	<b>Num</b>	<b>Avg</b>	<b>Percent</b>
<b>PBGC</b>	66.5	7.4	28%	33.0	6.6	24%
<b>§415/416</b>	41.8	4.6	17%	31.5	6.3	23%
<b>§401/410</b>	48.5	5.4	20%	30.6	6.1	22%
<b>§411/417</b>	37.5	4.2	16%	19.0	3.8	14%
<b>§436</b>	29.3	3.3	12%	17.0	3.4	12%
<b>MULTI</b>	18.3	2.0	8%	8.3	1.7	6%
<b>OTHER</b>	25.3	2.8		10.6	2.1	
<b>TOTAL</b>	267.0	29.7	100%	150.0	30.0	100%

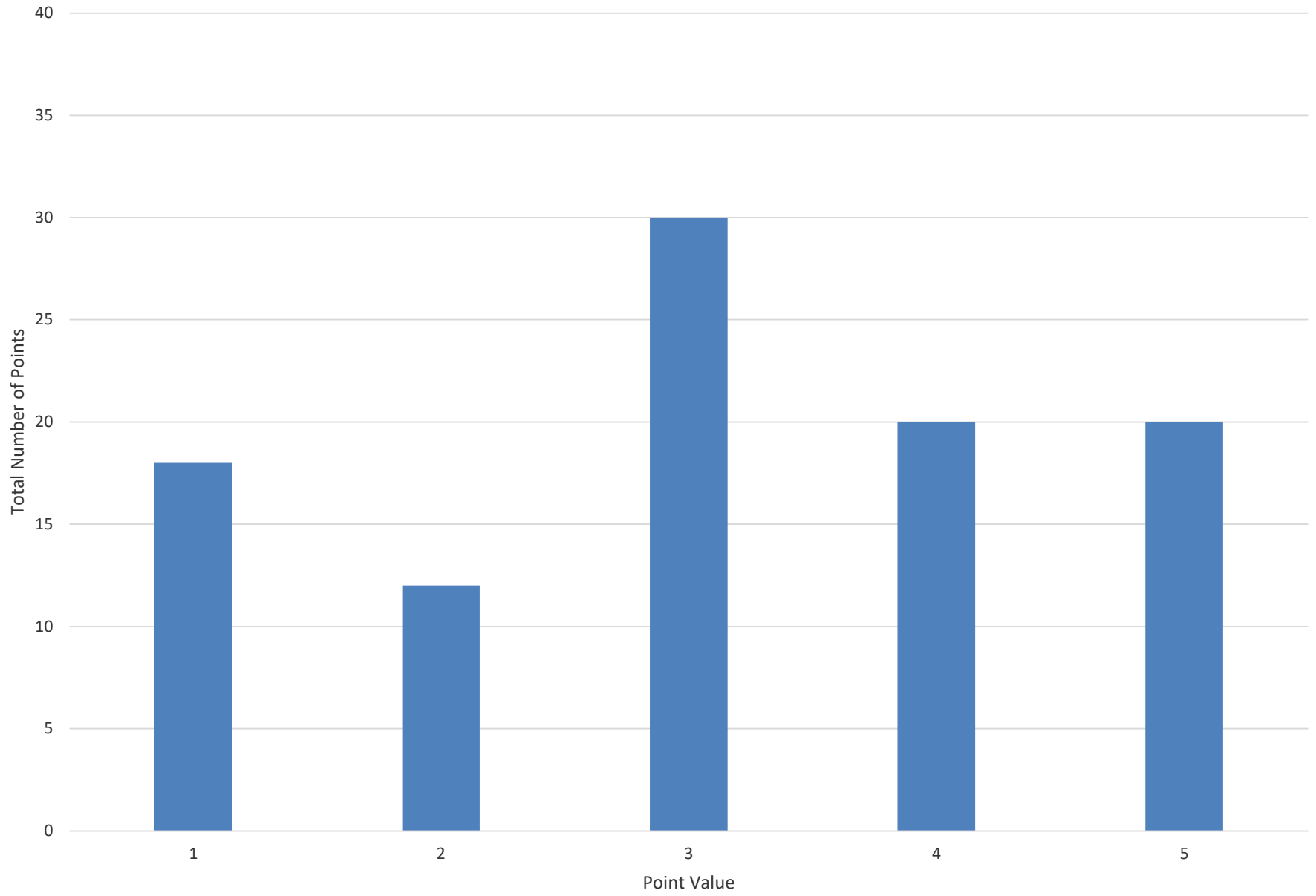
T/F Questions weighted .25, others weighted 1.0  
 Normalized values based on 30 points per year



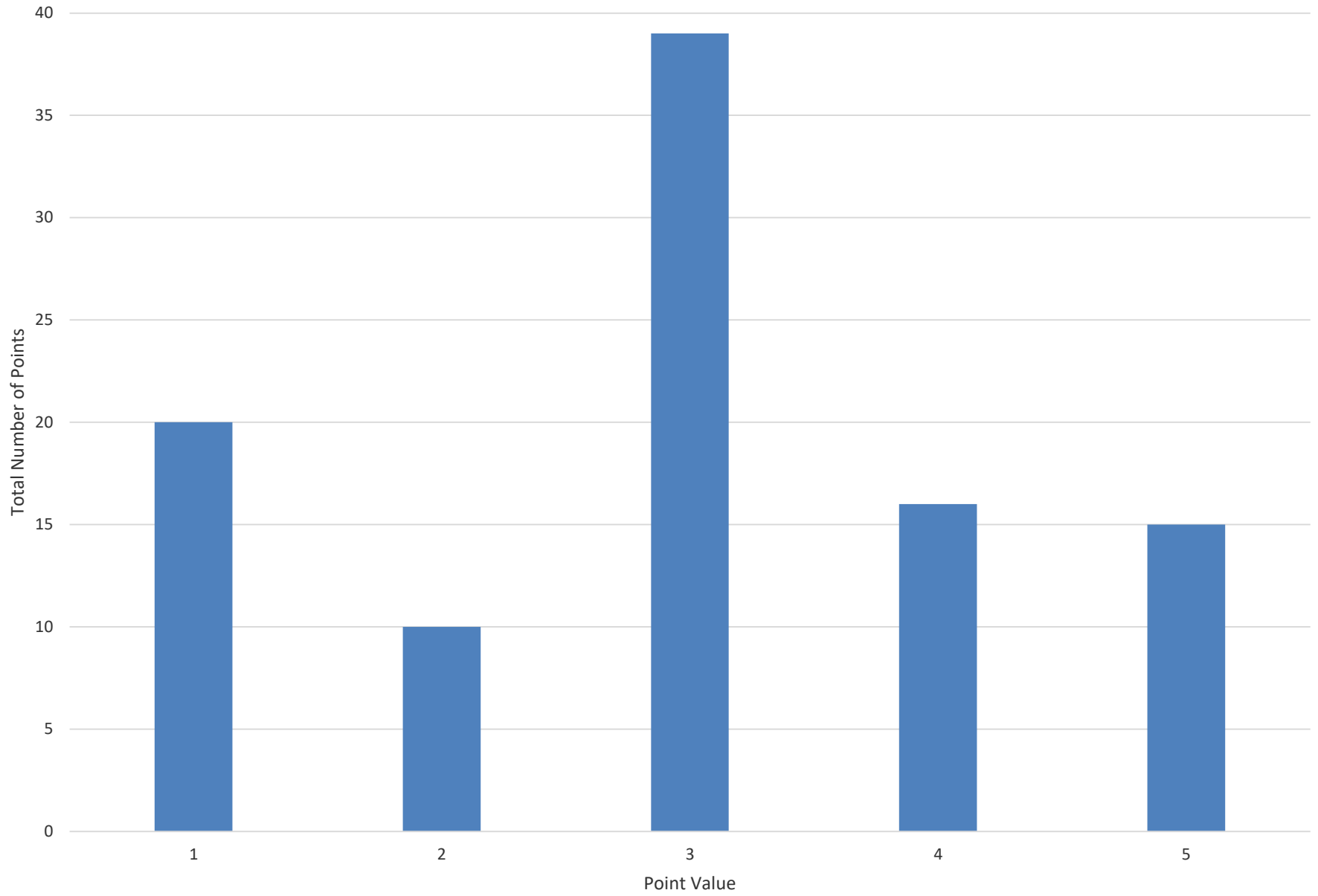
**SUMMARY OF EA-2L PROBLEMS BY TYPE (INCLUDING 2019)**

<b>Problem Type</b>	<b>2019 Exam</b>	<b>2018 Exam</b>	<b>2017 Exam</b>	<b>2016 Exam</b>	<b>2015 Exam</b>	<b>2014 Exam</b>	<b>2013 Exam</b>	<b>2012 Exam</b>	<b>2011 Exam</b>
<b>401(a)(4)</b>	02, 20, 21	03, 04, 08	11, 25, 26, 45	36, 40	13, 19, 22, 32, 41	21, 27	22		44
<b>1.401(a)(4)-5</b>	19								
<b>401(a)(26)</b>	23	05	04	21	04			24, 42, 44	
<b>410(b)</b>	03, 22	06, 07	02	05, 27	11	03, 06, 16	29, 45, 47	27, 30	11, 28, 41, 45
<b>411 EE contrib</b>					16				23, 35
<b>411 misc</b>	04, 05, 24, 25, 26	10, 11, 13, 14	24, 27, 28, 29	19, 29, 41	02, 23, 26	09, 12, 34, 37, 39	07, 13, 23, 33, 40	12, 23, 28, 41	08, 09, 18, 30, 39, 40
<b>415</b>	16, 39, 40, 41	37, 38, 39	06, 08, 18, 23, 35	03, 09, 25, 39	07, 28, 40	13, 18, 43	05, 26, 35, 36, 39	02, 20, 29, 38	
<b>416</b>	17, 18, 42, 43	12, 40, 41, 42, 43	03, 09, 21, 33, 34, 42	11, 17, 26, 33	03, 17, 42, 43, 44	05, 25, 41	02, 15, 30, 32	07, 36, 37	
<b>417 QJSA/QPSA</b>		09	05, 12, 13	20	25	01, 07	20, 44	09	02, 24
<b>4975 prohib trans</b>	12	26, 27, 28, 29	39, 40	15, 31	20, 36	33, 35	21, 31	04	05, 13
<b>4980 reversion</b>	33	25	16, 22	02	39	31	10, 37	05, 26	06, 22
<b>PBGC VRP</b>	06, 07, 27, 28	16, 17	07, 30, 31	06, 16, 37, 42	01, 09, 15, 45	28, 30, 38, 42	16, 27, 34	16, 21, 40	12, 20, 25, 32, 34
<b>PBGC plan term</b>		15, 18, 19, 20	36	07, 10, 12, 23, 34	31	10, 22	17, 28	13, 17, 25	01, 15, 36
<b>PBGC gtd ben</b>	09, 29	21, 22	37		24	08	41	39	27, 38, 43
<b>PBGC other</b>	01, 08, 30, 35		01, 14	28	05, 06, 08, 10, 18, 29	02, 29	14, 19, 42, 43, 46	01, 06, 34	16, 26, 37
<b>Multiemployer</b>	10, 31, 32	23, 24	10, 15, 38	04, 13, 24, 38	14, 21	11, 24, 40	03, 04, 08, 09, 24	22, 32	07, 33, 42
<b>436 restrictions</b>	14, 15, 37, 38	01, 32, 33, 34, 35, 36	20, 41, 44	08, 18, 22, 32, 35	34, 35, 38	14, 15, 20, 23, 26, 36	01, 06, 18, 25, 38	08, 33, 43	04, 10, 14, 21, 29, 31
<b>None of the above</b>	11, 13, 34, 36	02, 30, 31	17, 19, 32, 43	01, 14, 30	12, 27, 30, 33, 37, 46, 47	04, 17, 19, 32	11, 12, 48	03, 10, 11, 14, 15, 18, 19, 31, 35	03, 17, 19

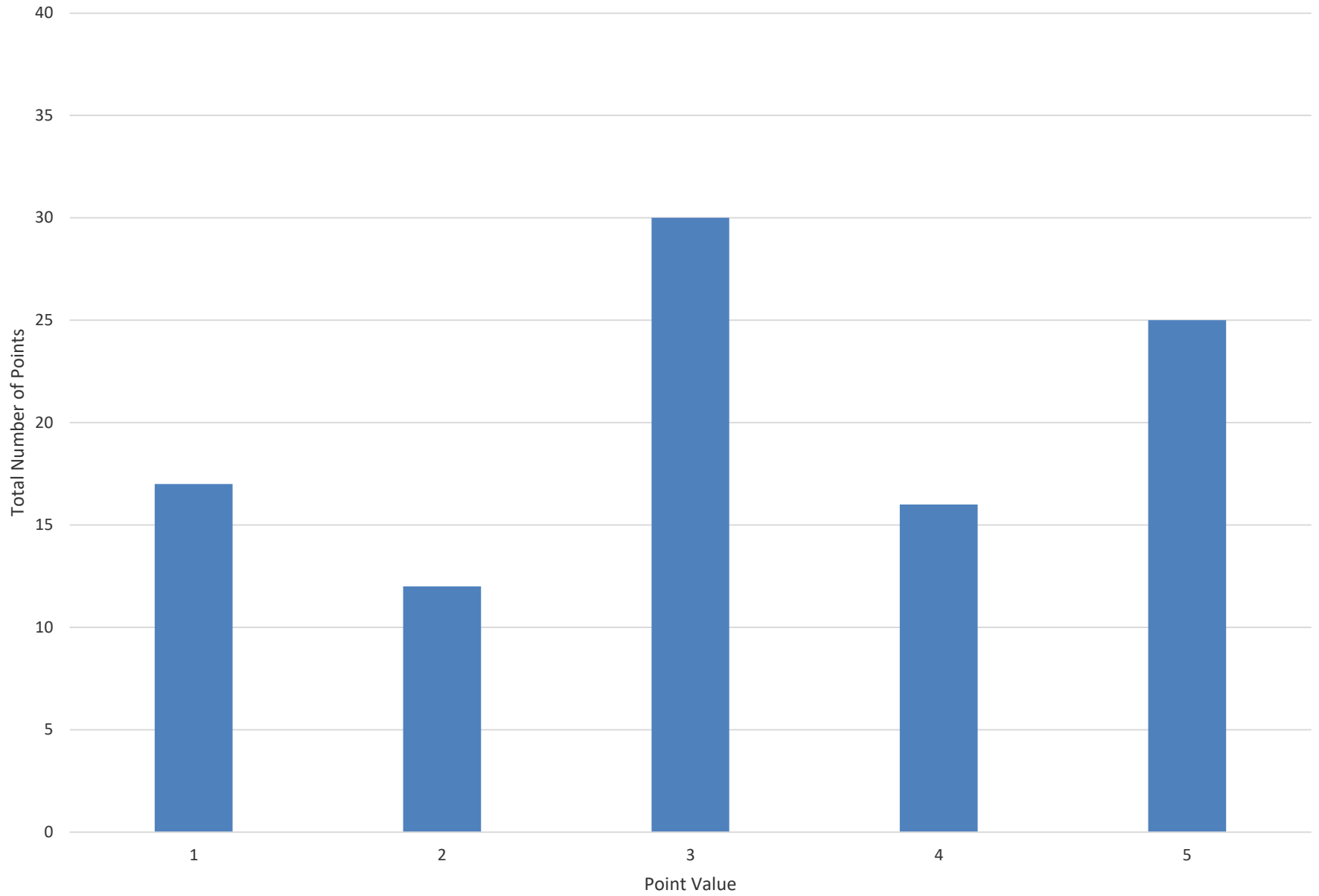
### EA2L: 2018 Problems and Point Distribution



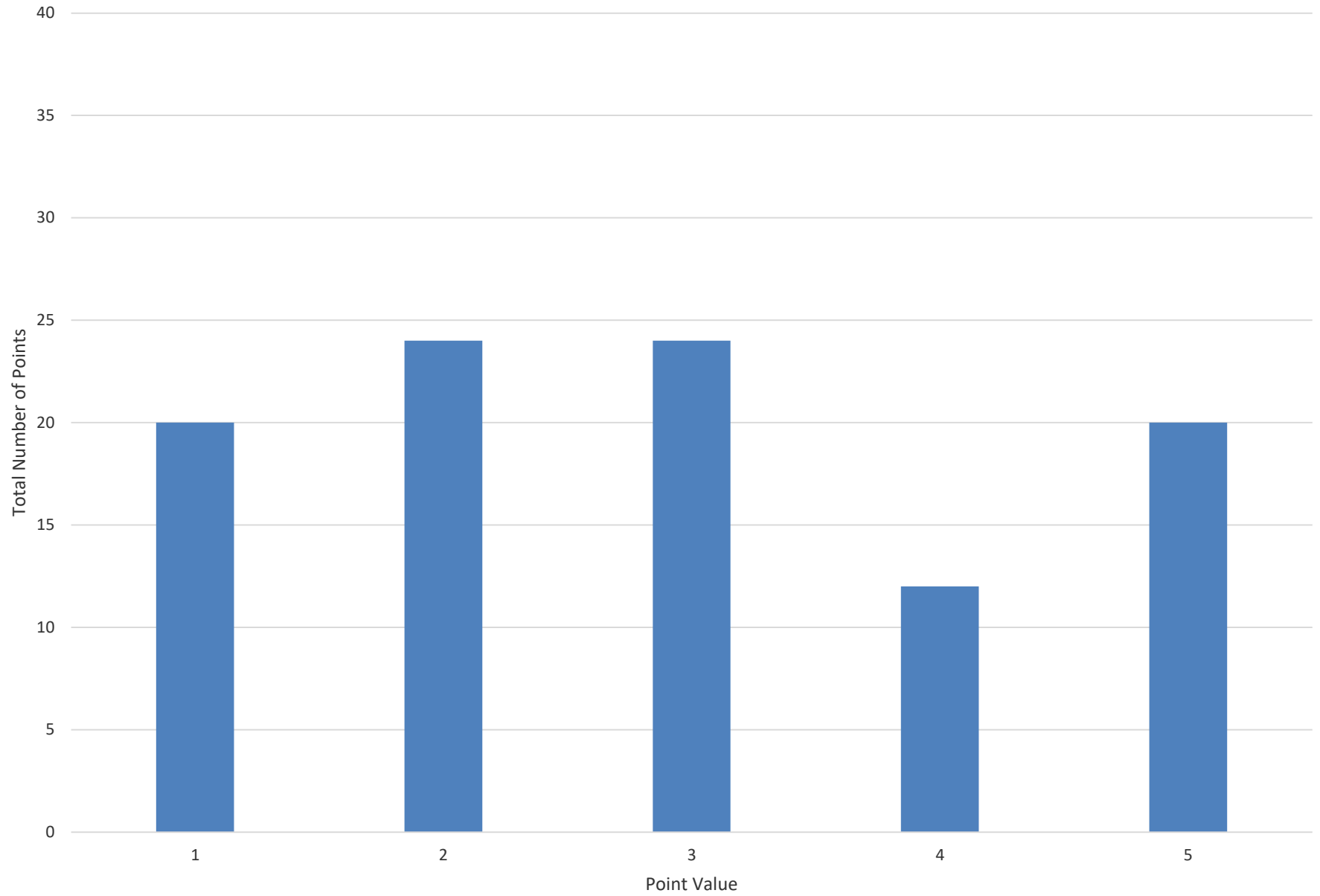
EA2L: 2017 Problems and Point Distribution



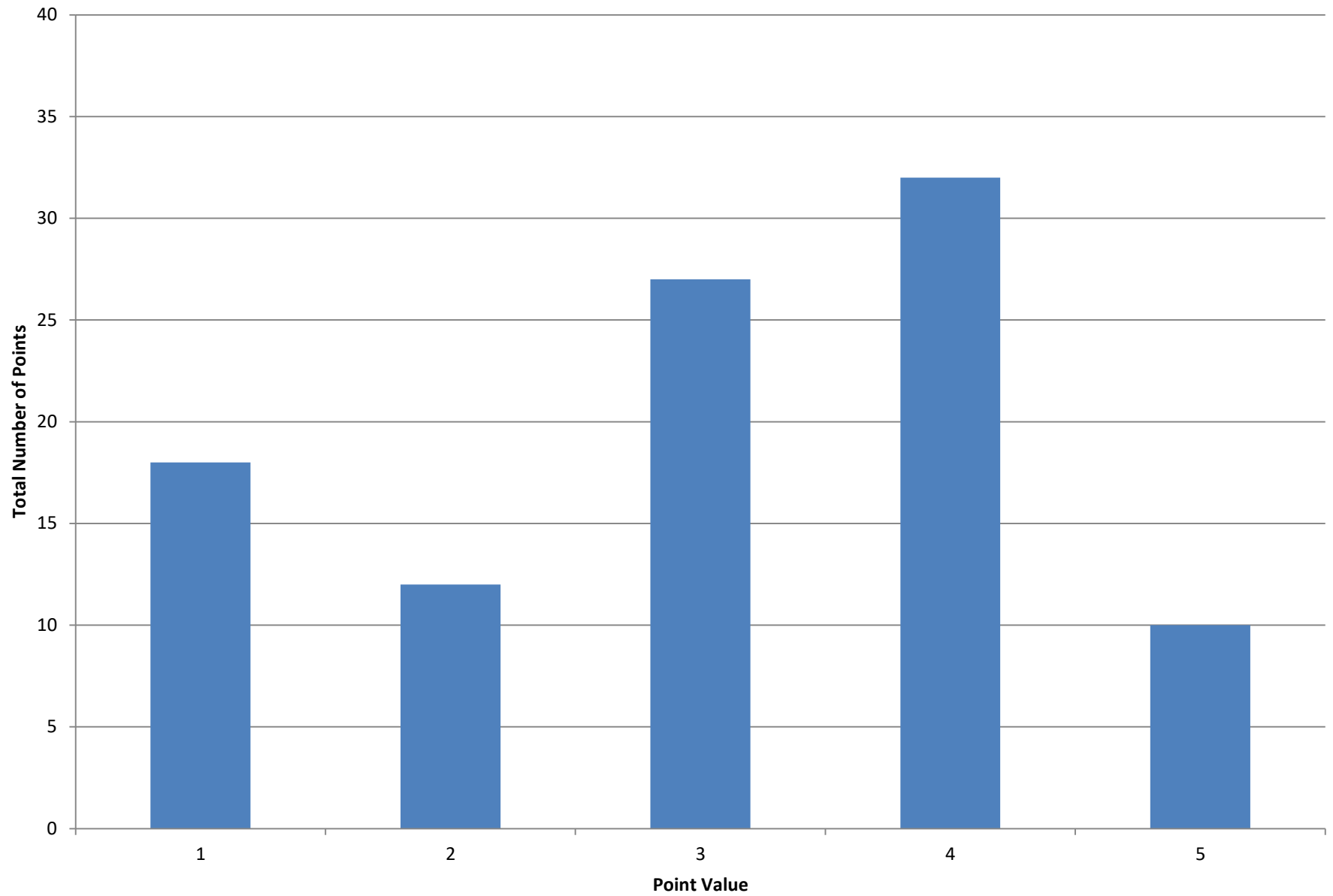
EA2L: 2016 Problems and Point Distribution



## EA2L: 2015 Problems and Point Distribution



## 2014 Problems and Point Distribution



# EA-2L VERSUS EA-2 EXAMS

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## EA-2L EXAM

## OLD EA-2 EXAM

1 point True/False	1 point True/False
2-5 points all other	4 points all other
100 points total	140 points total
2.5 hours - 150 min	4.0 hours - 240 min
Average 1.5 min / pt	Average 1.7 min / pt

**EA-2 Pass mark 98 points, 70% correct**

**2016 Pass mark 61 points, 61% correct**

**2017 Pass mark 70 points, 70% correct**

**2018 Pass mark 68 points, 68% correct**

**2019 Pass mark 70 points, 70% correct**

- **KEY - smartest 35% of students will pass**
- **Passing score varies if exam harder / easier**
- **No penalty for wrong answers**
- **Don't leave any blank answers**
- **Use lucky coin for T/F questions**

# OPENING / CLOSING COMMENTS

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<b>READ</b>	Internal Revenue Code and regulations (not just outlines)
<b>WORK</b>	Prior exam problems (5+ years) and practice problems
<b>EXPECT</b>	Similar problems as last 2 years
<b>STUDY</b>	"New stuff" in last 2 years' exams
<b>REVIEW</b>	Lengthy exam solutions give background of WHY - not just HOW to solve problem
<b>EMAIL</b>	Follow-up questions, clarifications after the seminar
<b>PLAN</b>	Allocate study time per topic based on # points tested on exam
<b>FOCUS</b>	On problems worth 3+ points