Corrections and Additions to EA-2L Course Outline and Problems
Spring, 2025
(as of 4/07/2025)

Page 71: In the given table of life annuity factors, the first annuity column with the label $\ddot{a}^{(12)}_{x(5\%)}$ should actually have the label $\ddot{a}^{(12)}_{x(417(e)rates)}$ because the lump sum annuity using the 417(e) rates should reflect all 3 segment rates, not just the segment 1 rate of 5%.

Page 420: The PBGC premium filing date for 2025 is one month earlier than the usual filing date, making it the 15th day of the 9th full calendar month in the plan year (September 15th for calendar year plans). This applies only for plan years beginning in 2025. This is due to a provision in the Bipartisan Budget Act of 2015.

Page 432: The rules for determining the expense load with regard to benefit liabilities for purposes of ERISA section 4010 have changed effective for valuation dates on or after July 31, 2024. The updated rules, replacing the section on this page with regard to the expense load, are as follows:

- An expense load is applied to the benefit liabilities under ERISA regulation 4044.52(d).
  - The load is equal to \$400 per participant (not to exceed 100) plus \$250 per participant in excess of 100. This is multiplied by the "applicable inflation multiplier" generally equal to the CPI-U (Consumer Price Index for All Urban Consumers) published for September of the year preceding the year in which the valuation date occurs, divided by 296.808 (which is the CPI-U rate published for September 2022). However, if the valuation date occurs in January (other than January 31st), the CPI-U rate used is from September of the second year prior to the valuation date. In no event can the applicable inflation multiplier be less than 1. The load is rounded to the nearest dollar.

- The participant count is the same as that used for the flat rate premium.
- This method of determining the load is effective for valuation dates on or after July 31, 2024.

Pages 438 and 439: Question 183B has been revised as follows to reflect the new expense load rules

Question 183B

A plan sponsor is required to file PBGC Form 4010 for 2025.

Valuation results as of 1/1/2025:

Present value of vested benefits	$6,000,000
Present value of total benefits	$8,000,000
Number of participants	225

Applicable inflation multiplier:

For September 2023: 1.0370
For September 2024: 1.0623

$X = expense load included with PBGC Form 4010

What is $X?

Solution to question 183B

ERISA regulation 4010.8(d)(2) states that for purposes of an ERISA 4010 filing, the value of all benefits accrued by plan participants (not just the vested benefits) are used. These are valued as they would in the case of a plan termination, following the rules of ERISA regulation 4044.52. In addition, the value of the benefits must be expense loaded using the rules ERISA regulation 4044.52(d).

The expense load is determined as follows.

(1) Add \$400 for each of the first 100 participants to \$250 for each participant in excess of 100.

(2) The result in (1) is multiplied by an applicable inflation multiplier based on the published CPI-U rate from the September prior to the valuation date. However, if the valuation date is in January (other than January 31st), use the published CPI-U rate as of the second prior September to the valuation rate.

In this question, the valuation date is January 1, 2025, so the applicable inflation multiplier to be used is the one determined as of September, 2023 (1.0370).

The expense load is:

$$\begin{aligned}\$X &= [(\$400 \times 100 \text{ participants}) + (\$250 \times 125 \text{ participants})] \times 1.0370 \\ &= \$73{,}886\end{aligned}$$