

**Corrections and Modifications to 2020 EA-2F Exam Solutions
(as of 10/29/2021)**

Question 9: The solution to this question is correct, but the analysis of why the prefunding balance is not used to reduce the 2021 minimum required contribution is incorrect. The paragraph dealing with the determination of the **smallest amount that satisfies the minimum funding standard** for 2021 should read:

The **smallest amount that satisfies the minimum funding standard** is equal to the minimum required contribution, reduced by the funding balances to the extent that they can be elected to be used by the plan sponsor. IRC section 430(f)(3)(C) does not allow a plan sponsor to elect to use funding balances to pay for the minimum required contribution when the ratio of the actuarial value of assets (reduced by the prefunding balance) to the not at-risk funding target is less than 80% for the current plan year. The FTAP as of 1/1/2020 is give to be 67%. This is less than the 80% threshold, so the prefunding balance cannot be used in 2021 to offset the minimum required contribution. Note that the actuarial value of assets in the 1/1/2020 FTAP was reduced by the prefunding balance, but not by a carryover balance since there was no carryover balance given in the question.

Question 20: The calculation of the deductible limit using 140% of the current liability had some typos. The correct calculation and ultimate value of \$X is:

140% of RPA'94 current liability less actuarial value of assets as of 12/31/2021

$$\begin{aligned} &= [1.4 \times (\$20,000,000 + \$2,500,000 - \$270,000) \times 1.04] \\ &\quad - [(14,700,000 - \$260,000) \times 1.06] \\ &= \$32,366,880 - \$15,306,400 = \$17,060,480 \end{aligned}$$

$$\$X = \$17,060,480$$