

# PPC Designation Final Exam

## Instructions

This is the final exam which must be completed successfully (final score of 80% or better) in order to apply for accreditation as a Professional Plan Consultant. **DO NOT** begin this exam until all training modules have been completed. This is a closed book exam.

There is no time limit on the exam and once this exam is started - you cannot leave it and come back where you left off. (It will let you leave but then you must start over). You may change your answer to a question at any time before you hit the SUBMIT button by clicking on a different answer. Once you hit SUBMIT, your answer will be graded and recorded. You can review the entire exam and your answers by clicking the tab on the right hand side of the screen. If you experience any issues while taking the exam, please call 412-977-9304 (support available M-F 8:00 a.m. - 5:00 p.m. EST.)



## Questions

True/False

**1. Plan fiduciaries are required to purchase fiduciary insurance.**

True

False

True/False

**2. The PPA changed the vesting schedule for all contributions to the 5-year cliff vesting or 7-year graded schedule.**

True

False

Multiple Choice

**3. Which organization set the following standards for investment communication: "That investment communication must be fair, balanced and complete; there must be no exaggeration, unwarranted or misleading statements or claims; and the overall clarity of the communication must be considered"?**

FINRA

ERISA

DOL

IRS

Multiple Choice

**4. An annual plan administration calendar should include which of the following items?**

Annual plan review meeting.

Quarterly investment reviews.

Critical IRS and tax filing dates applicable to the plan.

Fiduciary education initiatives.

All of the above.

Multiple Choice

**5. Which of the following must be furnished to participants automatically?**

Summary Annual Report

Plan Documents (documents and instructions under which the plan is established or operated)

True/False

**6. True or False? The critical management issues facing plan sponsors, as taught in the 401k Service Training Program are: Defining Plan Success, Understanding Fiduciary Roles and Responsibilities, Selecting and Monitoring Plan Investments, Provider Due Diligence, Implementing Effective Participant Communications, and Keeping Plans Current and Compliant.**

True

False

True/False

**7. If a plan intends to be Section 404(c) compliant, they need to document this in writing and notify participants.**

True

False

Multiple Response

**8. The 401k Service Solution tools include which of the following? (check all that apply)**

Education guides on each key issue.

Worksheets for gathering data and documenting plan decisions.

Ongoing monitoring checklists to help plans remain compliant with an ongoing process in place.

Worksheets for identifying shortfalls.

Summary templates to provide solutions including annual plan admin and participant education calendars.

True/False

**9. Under the eligible investment advice arrangement, the fiduciary adviser must acknowledge in writing that he/she is a fiduciary of the plan.**

True

False

Multiple Choice

**10. From the perspective of the Plan Sponsor, what would constitute a successful plan?**

High participation rates, simplified plan management, competitive investment returns.

Sponsor meeting fiduciary responsibilities, knowledgeable professionals have been hired for areas where fiduciaries lack the experience and knowledge, plan providers have been selected and are being monitored according to a prudent, documented process.

Plan helping to achieve retirement goals, investment options made simple, meaningful employer match.

True/False

**11. True or False? According to the Department of Labor, one way fiduciaries can demonstrate that they have carried out their responsibilities properly is by documenting the processes used to carry out their fiduciary responsibilities.**

True

False

True/False

**12. The person who prepares the census and payroll information is considered a fiduciary.**

True

False

True/False

**13. ERISA stands for Employee Retirement Investment Standards Act.**

True

False

True/False

**14. The person (or persons) that choose which service provider to hire for the plan is a fiduciary based on that action.**

True

False

True/False

**15. If an outside professional creates the IPS, the plan sponsor cannot be held liable if the policy's procedures are not followed.**

True

False

Multiple Choice

**16. What part of an IPS allows all parties named in the IPS to document their understanding of and intention to abide by the directions outlined therein?**

Plan goals

Investment selection criteria

Expense monitoring procedures

Signature block

Multiple Choice

**17. Which of the following is NOT a responsibility of the Employee Benefits Security Administration?**

- Administers and enforces Title 1 of ERISA.
- Assists plan officials to understand the requirements of the relevant statutes in order to meet their legal responsibilities.
- Assists workers in getting the information they need to exercise their benefit rights.
- Monitor plan compliance with form 5500 filing.
- Provides information and resources to participants, plan sponsors and professionals in printed form and via their website.

Multiple Choice

**18. Although all of the documents listed below should be reviewed by investment committee members, according to this training program, what publication should be required reading for any new investment committee member?**

- Fi360 Handbook "Prudent Practices for Investment Stewards".
- DOL Brochure "Meeting Your Fiduciary Responsibilities".
- Prior meeting minutes and committee by-laws.
- The documents that govern the plan.

Word Bank

**19. One benefit of having a formal IPS is that it documents the (Click and hold, drag and drop the correct answer into the blank).**

- Investment decision process.
- plan provisions such as vesting, matching percentages, etc.

Multiple Choice

**20. The following features are required to be offered to plan participants:**

- Participant loans
- Asset allocation models
- None of the above
- Automatic account rebalancing
- At least 5 investment options

Multiple Choice

**21. Which of the following fiduciary functions CAN be delegated?**

- Implementing the investment selection and monitoring strategy defined in the IPS.
- Avoiding conflicts of interest and prohibited transactions.
- Selecting and monitoring service providers.
- Approving appropriate money managers, mutual funds, or other "prudent experts".

True/False

**22. In order to gauge the success of a plan, the perspectives of plan participants, the plan sponsor, and the Department of Labor must all be considered and evaluated.**

True

False

Multiple Response

**23. Check all that apply. When setting up a new plan and evaluating providers, what are some of the unique circumstances companies must consider?**

Workforce demographics

Employee turnover

Number of company locations

Number of employees

True/False

**24. Demographics, language barriers, shift work, industry cycles, and number of company locations are all factors that must be considered when developing an effective participant education program.**

True

False

Multiple Choice

**25. Who would not be considered a fiduciary when providing customary professional services to a plan?**

Accountant who completed the Annual form 5500

Trustee who selected the investment managers

Company Officer who appointed the investment committee members

Registered Investment Advisor who provided investment monitoring services

Multiple Choice

**26. Which of the following actions would NOT cause a person to be considered a fiduciary?**

Exercise of discretion.

Selecting others to serve in a fiduciary capacity.

Recommending a fund lineup for new plans.

Being named as a fiduciary in trust or plan documents.

Matching Drag and Drop

**27. Match each key industry resource with the organization that develops it.**

Choice	Correct Match	Match
The 401k Averages Handbook (expense comparisons)		Financial Service Standards
The 401k Service Solution set of tools		PLANSPONSOR.com
Publication "Meeting Your Fiduciary Responsibilities"		The Department of Labor, Employee Benefits Security Administration
Handbook "Prudent Practices for Investment Stewards"		401kSource.com
NewsDash daily email		Fi360

True/False

**28. Cost is only one factor to consider in selecting a service provider.**

True

False

Multiple Choice

**29. Which of the 11 common 401(k) failures is also considered a prohibited practice?**

Failure to identify all eligible employees.

Failure to make hardship distributions properly.

Failure to satisfy the ADP and ACP tests.

Failure to timely deposit elective deferrals.

Fill in the Blank

**30. Individuals acting in a fiduciary capacity are expected to provide services according to five basic principles of fiduciary duty. Name ONE of the five basic principles of fiduciary duty (one-word answers).**

Answer : \_\_\_\_\_

Sequence Drag and Drop

**31. Put the following events in the order that they happened. (Drag and drop into the correct order.)**

Choice	Correct Order
The Department of Labor was formed by a law signed by President William Howard Taft.	
The Pension and Welfare Benefits Administration changed its name to the Employee Benefits Security Administration.	
The Employee Retirement Income Security Act was passed.	
The Department of Labor became involved in the regulation of employee benefit plans with the Welfare and Pension Plan Disclosure Act.	

Multiple Choice

**32. The best way to fully document the plan investment monitoring process is to conduct regular investment reviews that document which of the following?**

- The returns of the major asset classes and peer groups.
- If there are any investments that no longer meet the initial selection criteria.
- All of the above.
- How each manager performed compared to their peers and benchmarks.
- The call to action - managers / investments to be replaced, etc.
- None of the above.

Multiple Choice

**33. Which of the following are general fiduciary responsibilities of the plan sponsor?**

- A. Controlling and accounting for investment expenses.
- C. Monitoring the activities of "prudent experts".
- A & C only.
- B. Offering investment advice to participants.
- All of the above
- A & B only.

True/False

**34. A common way for plan sponsors to identify and avoid the common 401(k) failures is to review the plan documents against operational procedures annually.**

- True
- False



Multiple Choice

**41. Which of the following would be participant-defined plan success factors?**

- Plan passing compliance tests
- Plan investment options made simple
- Plan fiduciaries acknowledging fiduciary status in writing
- Plan meeting ERISA section 404(c) provisions

True/False

**42. The responsibility for selecting a service provider is a fiduciary function that CAN be delegated.**

- True
- False

Multiple Choice

**43. Which of the following are examples of prohibited practices and/or breaches of fiduciary duties?**

- Untimely remittance to the plan trustee of employee contributions.
- Receiving pay or benefits for selecting a particular investment or service provider.
- Making a payment that may be considered duplicative, excessive or unnecessary.
- All of the above.

Multiple Choice

**44. Issues that can affect plan expenses include:**

- Plan size and number of participants
- Participant education needs
- Level and quality of services provided
- All of the above
- None of the above

Multiple Choice

**45. Who is ultimately responsible for making sure the form 5500 is filed and a copy of the Summary Annual Report is distributed to participants?**

- TPA
- Adviser
- Plan sponsor
- Recordkeeper

True/False

**46. The Internal Revenue Service is responsible for enforcing the provisions of Title 1 of ERISA.**

- True
- False

Fill in the Blank

**47. One section in the IPS should be that the plan monitor the appropriateness and reasonableness of the plan (FILL IN THE BLANK).**

Answer : \_\_\_\_\_

Multiple Choice

**48. ERISA does all of the following except what?**

- Requires plans to provide participants with specific information about the plan.
- Requires accountability of plan fiduciaries.
- Gives participants the right to sue for benefits and breaches of fiduciary duty.
- Sets minimum standards for participation, vesting, benefit accrual and funding.
- Requires employers with 100 or more employees to set up an employee benefit plan.

Multiple Choice

**49. Which of the following would NOT indicate a shortfall in a retirement plan management process?**

- No IPS or an IPS that is not engaged in the investment review process.
- Participants have not been provided the opportunity to get investment advice.
- Plan fiduciaries have not acknowledged fiduciary status in writing.
- There is no formal documentation of plan goals and objectives.

Multiple Choice

**50. How often do industry best practices indicate a formalized IPS should be reviewed?**

- Never
- Annually or whenever there is a change to the plan fiduciaries or relevant plan information
- Quarterly
- Monthly