

**Qualified 401(k)
Administrator
QKA™ Credential**
Candidate Handbook



ASPPA

American Society of
Pension Professionals
& Actuaries

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Introduction

About the QKA Credential

ASPPA's Qualified 401(k) Administrator (QKA) credential is the leading certification for retirement plan professionals. Developed in 1980 by industry experts, the QKA credential has been earned by over 7,000 professionals in the retirement industry. Earning the QKA credential demonstrates your expertise in the duties of a retirement plan administrator. The QKA credential attests that the holder possesses the knowledge and skills required to implement and administer defined contribution retirement plans.

About the American Society of Pension and Plan Administrators (ASPPA)

ASPPA began in 1966 as an actuarial organization, but since that time we have changed to reflect the shifts in the retirement plan industry. As a result, ASPPA now represents business owners, actuaries, TPAs, record keepers, consultants and more. While ASPPA members come from all corners of the country, they are all united by their belief in and commitment to the private pension system.

In pursuit of these goals, ASPPA offers its more than 7,000 members extensive educational opportunities, paired with a strong advocacy operation that puts us at the center of any legislative debates that could affect what you do for a living. Our educational opportunities include robust credentialing, certificate and continuing education programs, along with the best lineup of conferences and networking opportunities in the industry.

About the American Retirement Association (ARA)

The American Retirement Association (ARA) is a non-profit organization that aims to educate retirement plan professionals and create a framework of policy that gives every working American the ability to have a comfortable retirement.

As part of that mission, for more than half a century, the ARA has developed and distributed education programs, information resources, and professional credentials that have become the gold standard for retirement plan professionals in every field of endeavor.

More than 26,000 members strong, today the American Retirement Association is comprised of five premier retirement industry associations; the American Society of Pension Professionals & Actuaries (ASPPA), the American Society of Enrolled Actuaries (ASEA), the National Association of Plan Advisors (NAPA), the National Tax-deferred Savings Association (NTSA), and Plan Sponsor Council of America (PSCA).

Section 1: How to Apply for Certification

Eligibility

ASPPA has developed requirements for eligibility to ensure that the application process is fair and impartial for all applicants. Each eligibility requirement has been established to ensure that individuals certified by ASPPA have an acceptable level of knowledge and proficiency necessary to administer retirement plans.

Exam Requirement

The QKA exams have been updated in 2020 to reflect the latest trends and updates in the field of retirement administration. Candidates may pursue the credential using the New QKA path or using the Legacy QKA path.

New QKA Exam Series

QKA-1 Plan Management Exam
QKA-2 Testing and Compliance Exam

Legacy QKA Exam Series

DC-1 Exam
DC-2 Exam

The DC-1 / DC-2 exam series will not be offered after June 30, 2021. QKA candidates who have started the DC-1 / DC-2 exam series must complete both exams prior to June 30, 2021. QKA candidates who have not started the DC-1 / DC-2 prior to January 1, 2020 are encouraged to pursue the QKA-1 / QKA-2 credential exam path.

Experience and Education Requirement

Candidates must have completed either 3 years of retirement plan administration experience, or the ASPPA Retirement Plan Fundamentals™ (RPF) certificate program.

Application Requirements

Complete the ASPPA Credentialed Member Application. The application requirements include:

- a. Agreement to abide by the ARA Code of Conduct
- b. Acknowledging receipt of the ASPPA continuing education policy
- c. Pay the ASPPA credentialed membership fee

Section 2: Exam Administration

Exam Format Policy Change

Due to the current social distancing guidelines, the QKA exams will be offered exclusively online with a self-attestation of compliance with the code of conduct and exam policies. You do not need an approved proctor present to take the exams. Please know that this change is temporary, and you will be given ample notice before the policy resumes as normal.

Exam Formats

The QKA credentialing exams are delivered by computer either through Prometric test centers located throughout the United States or online through the ARA Learning Management System. Online certification exams must be taken with a pre-approved proctor present. Proctor guidelines and exam administration guidelines are outlined in the Appendix below and must be verified by the proctor before submitting the exam.

Each exam consists of 60-75 multiple-choice questions. Candidates have 2.5 hours to complete each exam.

----- Detailed information about each exam's topics are provided in the Appendix. -----

Exam Window

Exams must be taken during the exam window. The exam window is 180 days from the date the exam is purchased. Candidates will forfeit their exam fee if they do not complete the QKA exam during the exam window.

Language

The QKA credentialing exams are offered in English.

Test Administration Modification

Special accommodations to test administration shall be provided to candidates with a disability (as defined by Title III of the Americans with Disabilities Act) who submit with their certification application, a written explanation of their needs and appropriate documentation. Requests must be submitted no less than six weeks prior to test date in order to allow sufficient time for arrangements to be made on behalf of the test candidate. Application forms for these accommodations are provided in this handbook and online at www.ASPPA.org.

Audit of Results

ASPPA may audit a portion of the applications that are submitted for compliance with the credential program requirements. It is the candidate's responsibility to retain all documentation necessary to support program compliance.

Exam Irregularities

Any problems, suspected instances of cheating, alleged inappropriate examination administration, environmental testing conditions severe enough to cause disruption of the process or any other irregularities related to test administration should be brought to the attention of the onsite proctor, if a proctor is assigned to the exam session, and brought to the attention of ASPPA at customercare@asppa.org. All such matters will be reported, investigated and subject to further action based on policies and procedures adopted by ASPPA.

Cheating or other violations of the ASPPA Code of Conduct, or matters that may constitute grounds for disciplinary action, will be handled under the disciplinary procedures adopted by ASPPA, but other issues in the nature of examination irregularities are not subject to appeal

Violation of Code of Conduct

If it is determined that a candidate has violated the ARA Code of Conduct, the candidate may be barred from taking the exam for a timeframe determined by ARA.

Exam Passing Score

QKA-1 Plan Management Exam = 73%

QKA-2 Testing and Compliance Exam = 70%

DC-1 Exam = 70% online*

DC-2 Exam = 70% online*

*Upon completing the DC-1 and DC-2 exam at the testing center, candidates receive an immediate result: a 9, 8, or 7 indicates the exam was passed, while a 6, 5, or 3(N) indicates the exam was not passed.

Statement of Non-Discrimination

ASPPA endorses the principles of equal opportunity. Eligibility criteria for examination and credentialing as a QKA are applied equally to all individuals regardless of age, race, religion, gender, national origin, veteran status or disability.

Confidentiality

ASPPA recognizes candidates' rights to control personal information. ASPPA policy is designed to safeguard this information from unauthorized disclosure. Candidates can change preferences to be contacted by updating personal preferences in their profiles. To protect the rights to control score distribution, exam scores are released only to the candidate and authorized ASPPA or ARA staff.

ASPPA does not release individual exam scores, except for use in research studies that preserve candidates' anonymity. Candidates' scores will always remain confidential unless authorized with the written consent of a candidate. Official statistics regarding the QKA™ credentialing exam, including all question performance data, individual data and demographic

data, will be considered confidential; however, ASPPA reserves the right to publish aggregated, non-identifying information based on such data.

Notification of Exam Results

Because each examination has different topic weightings, it is possible for a candidate to get “needs work” in a number of areas and still pass the examination. Conversely, the candidate could receive “needs work” in only a few areas and still fail the examination.

Candidates taking the online test are notified immediately of their examination results with an unofficial score report. Official score results will be emailed to candidates once the examination results have been verified. For security reasons, results will not be provided over the phone or sent by fax.

Upon completion of a QKA examination at a Prometric testing center, a candidate will be notified immediately whether or not he/she passed the exam and a score report will be issued. This report serves as documentation of pass or fail status.

Score Reports

Candidates will be provided a score report upon completion of a QKA exam. Score reports will indicate how an individual performed in each topic area.

Sharing Exam Results

Candidates who wish to have their grades sent to anyone other than themselves can do so by completing the ARA Certification Examination Score Release Form.

Passing Score

Candidates who successfully complete the examination, and whose credentials and application entitle them to credentialing, will be notified by email and granted a QKA™ Credential. The credential remains the property of ASPPA, which may withdraw, cancel, revoke or otherwise annul the credential for cause.

ASPPA Credential Candidate Inquiry Policy

Candidates may submit written inquiries about ASPPA study materials and credentialing exams. Credential examination inquiries must be submitted within 30 days after the examination date

Inquiries regarding ASPPA credentialing exams must be submitted by the exam candidate. ASPPA will not review or respond to inquiries submitted on the candidate's behalf.

Correspondence will be conducted in accordance with ASPPA's privacy policy contained in this handbook.

Appeals

Candidates may appeal the results of program eligibility determination or CPSP™ credentialing examinations within 30 days of the date of the results.

Re-scoring Exam Results

Candidates may request to have an exam rescored once at no charge. Candidates will be assessed a \$75 rescoring fee after the first exam rescoring.

Retesting

A candidate may take the same exam only two times during a one-year period.

Exam Refund & Transfer Policy

Fees for examinations are not refundable. The right to sit for an ASPPA examination belongs exclusively to the person named on the examination registration form. That person may transfer the right to someone else; however, the transfer must be in writing from the original registrant and must be received no later than the final registration date.

Section 3: Preparing for the QKA Certification Exams

The number of hours of study needed to prepare for ASPPA examinations varies from person to person depending on the length and breadth of a person's experience in the field. Many successful candidates begin studying several months before an examination date in order to allow sufficient time to cover all the material to the proper extent.

ASPPA has available study materials to help individuals prepare for the QKA certification exams. These include:

The QKA-1 Plan Management Package

A certification package including 9 online courses with downloadable reference material, a practice exam, and the QKA-1 Plan Management certification exam.

The QKA-2 Testing and Compliance Exam

A certification package including 9 online courses with downloadable reference material, a practice exam, and the QKA-2 Testing and Compliance certification exam.

DC-1 Study Guide

A Study Guide designed to prepare an individual for the DC-1 certification exam. Available in either print or pdf format.

DC-2 Study Guide

A Study Guide designed to prepare an individual for the DC-2 certification exam. Available in either print or pdf format.

Section 4: Maintaining Your Credential

Continuing Education Requirements

ASPPA designation holders must complete forty (40) hours of Continuing Education (“CE”) every two years. The two-year cycle begins on the first calendar day of each odd numbered year and ends on the last calendar day of the subsequent even numbered year.

Continuing Education Requirement for New Designation Holders

For designation holders that are awarded their first ASPPA designation in an odd year, the CE requirement for the CE Cycle ending the following calendar year is twenty (20) hours.

For designation holders that are awarded their first ASPPA designation in an even year, the CE requirement for the CE Cycle ending that calendar year is zero (0) hours.

Continuing Education Content Standards

Reported CE must meet the following standards to qualify for continuing education credit:

- Content must be developed by person(s) qualified in the subject matter.
- Maximum total amount of CE reported per event must be no more than twenty-five (25) credit hours
- CE hours reported shall match the actual time on task rounded down to the nearest five (5) minute increment.
 - One (1.0) hour of CE is equivalent to 50 minutes of instruction or study time on task
 - After the first 50 minutes, CE hours may be accrued 5-minute increments where 5 minutes is equal to one tenth (0.1) CE credits.
 - CE will not be accepted for any event less than 45 minutes time on task. This is equivalent to a nine-tenths (0.9) CE threshold.
- Two (2) hour of ethics related CE must be earned and recorded each cycle.
- CE credits must be earned and reported for the current cycle. CE credits may not be carried over from one cycle to the next.

Acceptable Subject Matter

All continuing education topics that promote an ASPPA member’s professional development in the retirement field qualify for ASPPA CE (including non-technical topics such as marketing and advanced IT training). Broad categories include topics such as:

- Qualified Plans
- Nonqualified Plans
- Tax-Exempt & Governmental Plans
- IRAs
- Actuarial Issues
- Investments & Insurance
- Participant Issues

- Business Management, Operations & Development
- Personal Development
- Technology

Reporting Requirements

Third Party CE

- Designation holders are responsible for reporting third party CE activity using the ASPPA CE reporting system.
- Records of completion of third-party CE must be maintained by the designation holder for a minimum of two (2) calendar years following the calendar year for which the CE credit is reported.
- Third party CE is subject to audit.

ASPPA Provided CE

- ASPPA will record CE credit for participation in ASPPA CE events.
- ASPPA will ensure that that ASPPA provided CE meets both continuing education content standards and addresses retirement plan related acceptable subject matter.

Compliance and Audit

The audit of third-party CE is conducted for the benefit of all ASPPA designation holders. The CE audit process demonstrates ASPPA's ongoing commitment to professionalism and the integrity of its program. The CE audit process helps ensure compliance with the CE policy, but more importantly, will help ASPPA identify opportunities to continuously improve the CE program.

The Audit Process

ASPPA will conduct an audit of reported third party CE. The audit will encompass a randomly selected representative sample of designation holders who reported third party CE the prior cycle.

Designation holders who are randomly selected for the CE audit will be asked to provide suitable documentation to substantiate that the reported Third-Party CE meets the Continuing Education Content Standards. In general, the documentation must demonstrate that:

- The content was developed by a subject matter expert with expertise pertinent to the subject matter
- Time on task for the CE credit awarded
- Successful completion or participation

The designation holder subject to audit will also be asked to provide a description of the CE session for any third-party CE reported to satisfy the ethics or retirement plan related acceptable subject matter.

Suspension of Designation

ASPPA designations may be suspended for the following reasons

- Failure to comply with the ASPPA Continuing Education Policy
- Failure to renew ASPPA membership or ASPPA credential maintenance fee as applicable
- Violation of the ARA Code of Professional Conduct

Failure to comply with the ASPPA Continuing Education Policy

Designation holders will have until March 1 of each calendar year to report CE for the prior calendar year CE cycle. ASPPA provided CE earned prior to March 1st of each calendar year may be applied to the CE reporting cycle for the prior calendar year. In no case will CE be recorded for more than one CE reporting cycle.

If the failure to comply with the ASPPA Continuing Education Policy results from the audit of third-party CE, the designation holder will have 60 days from the date of notification to correct the deficiency.

Failure to renew ASPPA membership

Designation holders are expected to remain ASPPA members in good standing and make timely payment of any designation maintenance fee that may be required by ASPPA. Failure to pay any required fees by March 1 of each calendar year will result in suspension of the designation.

Violation of the ARA Code of Professional Conduct

Suspension and or revocation of designations due to actual or reported violation of the ARA Code of Professional Conduct is addressed in the ARA Code of Conduct Disciplinary Procedures.

Revocation of Designation

Designations will be revoked for designation holders who do not correct the deficiency or deficiencies that initiated the suspension of the designation within the parameters outlined in this policy statement and or any communications from ASPPA with regard to the suspension of designation.

If the designation is revoked, all ASPPA records and reports will be updated to reflect the revocation. This may include updating the ASPPA designation holder database available to the public. Individuals for whom designations have been revoked may not apply for reinstatement and may not retake the qualifying designation examination earlier than the calendar year following the year in which the designation was revoked.

Reinstatement

Reinstatement may be granted if the following conditions are met prior to the end of the calendar year following the calendar year a designation is suspended or revoked:

- The reinstatement application and new membership application is submitted,
- Required fees including membership, credential maintenance and reinstatement fees are paid in full, and
- Documentation is provided demonstrating compliance with the CE policy for the current CE cycle.

APPENDIX



QKA Certification Exams Administered Online

Exam Format Policy Change

Due to the current social distancing guidelines, the QKA exams will be offered exclusively online with a self-attestation of compliance with the code of conduct and exam policies. You do not need an approved proctor present to take the exams. Please know that this change is temporary, and you will be given ample notice before the policy resumes as normal.

About the QKA certification online exams

ASPPA permits QKA candidates to take the DC-1 / DC-2 and QKA-1 / QKA-2 certification exams online through the ARA learning management system (LMS). Online certification exams must be taken with a pre-approved proctor present. Proctor guidelines and exam administration guidelines are outlined below and must be verified by the proctor before submitting the exam.

Exam Window

Exams must be taken during the exam window. The exam window is 180 days from the date the exam is purchased. Candidates will forfeit their exam fee if they do not complete the exams during the exam window.

Proctor Qualifications

Online QKA certification exam proctors must be one of the following:

- An ASPPA credentialed member
- Public librarian (offering supervised proctoring services)
- University professor/ or librarian
- Professional testing center staff
- Professional development center staff
- Military base professional development center staff
- ARA or state affiliated staff

Supervisors, co-workers, relatives, or individuals not associated with a professional development career cannot proctor the DC-1 / DC-2 and QKA-1 / QKA-2 exam without direct approval from the ASPPA certification staff.

Proctor Fees & Exam Site Requirements

ASPPA allows proctor sites to charge fees for administering the exam though proctors are not required to charge to proctor the exam. QKA credential candidates are responsible for the proctoring exam fees.

Proctor Guidelines for Exam Administration

Proctoring site requirements are crucial to the success of the exam process and the success of the candidate. The exam proctor should ensure the following conditions are met before, during, and at the conclusion of the exam:

- The testing environment should have adequate space, lighting, and be a comfortable temperature.
- Facility must be ADA accessible.
- Candidates should be seated approximately 3 feet apart.
- Proper ID must be checked for each candidate.
- Candidates are not permitted to use any reference materials while taking the exam.
- Candidates are required to turn their cell phones off and put them away. Cell phone use is not permitted during the exam and use of a cell phone is means for disqualification.
- No third party is allowed in the room during the test session.
- Additional monitors or computers must be turned off.
- Breaks are not allowed during the exam for any reason other than to use the restroom. (Candidates may use the restroom as needed however all exam materials must remain in the testing room with the proctor.) You understand and agree that, if you take a break, your exam score will be invalidated, and you will not be allowed to resume the exam later.
- Inform candidates of the 2.5-hour time limit for the completion of the exam. Exam proctors **MUST** remain in the testing room for the duration of the exam.
- The proctor cannot answer questions related to exam content.
- Exam proctor should notify candidates of the time every hour and every quarter hour for the last hour of the exam.
- If there is a technical issue during exam delivery, the proctor should first attempt to contact the ASPPA certification staff. If no staff is available, the proctor should fill out an incident report and submit it at the conclusion of the exam or via email as soon as possible.

Scoring Exams and Issuing Certificates

A score of 73% is required to pass the QKA-1 exam.

A score of 70% is required to pass the QKA-2 exam.

A score of 70% is required to pass the DC-1 and DC-2 exam.

Upon completing the exams online, the candidate will immediately receive a result and feedback. However, exam results and certificate delivery are not official until the proctor exam codes and incident reports are reviewed. Candidates will be able to access their score report and certificate online through the member account page.

QKA Certification Exams Administered at Prometric Testing Centers

Prometric Temporary Closure

Taken from <http://prometric.com/>

“The US Centers for Disease Control (CDC) have issued updated guidance on measures to be taken to reduce the spread of the COVID-19 disease. In particular, the CDC lowered the number of people that should be able to congregate in the same space from 50 to 10 in the United States.

Given this new guidance, Prometric has determined it is necessary and appropriate to temporarily close our test centers in the United States and Canada, starting March 18. This step is being taken to further protect the health and well-being of the individual test takers and our staff. The operating status of test centers in other locations can be found on our website.”

Scheduling with Prometric

QKA credential exams DC-1 / DC-2 and QKA-1 / QKA-2 series are available through Prometric testing centers in more than 300 cities in North America.

To schedule an appointment, visit <http://prometric.com/ara>, or call the Prometric Candidate Services Call Center (CSCC) at 1-888-215-4136. Saturday, Sunday, and evening testing opportunities are available at some locations.

Prometric Testing Center Policies

Headphones

Candidates will not be permitted to bring their own headphones into Prometric testing centers. However, Prometric will have noise-cancelling headphones available onsite for anyone who requests them.

Calculator Make	Model
Sharp	EL-233S
Texas Instruments	Ti-1795+
Casio	MS-80TV

Calculators

Candidates will NOT be allowed to bring in calculators to Prometric testing centers. Candidates will be able to use an onscreen calculator during the exam. If requested and available onsite, Prometric will furnish a handheld calculator that is silent, solar or battery-operated and nonprogrammable (without paper tape-printing capabilities or alphabetic keypads). Examples of the models available at most testing centers include:

Books, papers and electronic devices such as computers, pagers, palm pilots and cellular phones may also NOT be brought into the examination room. Any attempt to bring in such items during testing will be grounds for disqualification of the candidate's examination.

Lost Examinations

In the unlikely event of the loss or destruction of a completed examination, the examination fee will be refunded. ASPPA can assume no other obligation and candidates must take all examinations with this understanding.

Special Requirements

It is ASPPA's intent to accommodate candidates who have physical, visual, hearing or other special needs. Specify any accommodations you require on the examination registration form and notify Customer Care of your needs.

Emergency Closings

Severe weather or an emergency could require the cancellation of scheduled examinations. If such an event occurs, Prometric will contact candidates by phone or email. Candidates can also check for testing site closures at www.prometric.com/sitestatus. If an exam site is closed, a candidate's examination will be rescheduled without a rescheduling fee. If a test center is open for testing and a candidate chooses not to appear for his/her appointment, his/her registration fee will be forfeited.

Rescheduling Prometric Exam Appointments and Fees

A candidate can reschedule the date, time and location of a scheduled examination appointment. The candidate must contact Prometric by telephone or through their online system www.prometric.com/ara. Fees do apply and will be collected by Prometric at the time of rescheduling.

2020 Rescheduling Fees:

- 30 or more days before exam appointment: \$0.00
- 2-29 days before exam appointment: \$35 fee.
- Less than 2 days (48 hours) before exam appointment: \$92 fee

Testing Center Appointment: Failure to Appear

If a candidate fails to appear for a scheduled examination appointment or cancels his/her appointment less than 2 days (48 hours) before the scheduled appointment, the entire registration fee will be forfeited.

Scoring for DC-1 and DC-2 Exams

Upon completing the DC-1 and DC-2 exam at the testing center, candidates receive an immediate result: a 9, 8, or 7 indicates the exam was passed, while a 6, 5, or 3(N) indicates the exam was not passed. Candidates also receive feedback broken down by topic area.

QKA Certification Exam Content Outline

QKA-1 Plan Management Exam

Plan Types (5%)
<ol style="list-style-type: none"> 1. Describe the distinguishing characteristics of different types of defined contribution plans. 2. Explain the differences between a pension and a nonpension plan. 3. Compare the characteristics of 401(k) plans with employer sponsored IRA programs (SEPs and SIMPLEs). 4. Distinguish between defined contribution plans covered by ERISA and plans that are not. 5. Compare the key characteristics of a 403(b) plan and a 401(k) plan.
Plan Qualifications (5%)
<ol style="list-style-type: none"> 1. Describe the roles of the federal government in the oversight of retirement plans. 2. Describe how the different sections of ERISA apply to 401(k) plans. 3. Explain the consequences of disqualification under the Internal revenue Code. 4. Distinguish between the different types of plan documents.
Employee Contributions (7%)
<ol style="list-style-type: none"> 1. Illustrate the different options available to participants to contribute to a retirement savings plan. 2. Answer frequently asked questions about administrative issues with employee contributions. 3. Describe how to make after-tax contributions. 4. Summarize the limits that apply to contributing to a plan. 5. Review how participants can make rollover contributions to their plan.
Distributions (21%)
<ol style="list-style-type: none"> 1. Explain to a participant what is required to receive a distribution. 2. Identify the different forms of distributions and the special rules applicable to each form. 3. Explain the distribution limitations on contribution sources. 4. Describe a Qualified Joint and Survivor Annuity (QJSA). 5. Identify when a defined contribution plan must offer benefits in the QJSA form. 6. Calculate the amount of an RMD. 7. Explain the hardship withdrawal rules. 8. Identify participants who must take RMDs and when such distributions must begin. 9. Describe the elements of a QDRO. 10. Explain the rules and tax implications of Roth conversions. 11. Explain which distributions are eligible to be rolled over. 12. Explain the rules and penalties that apply to premature retirement plan distributions, including the exceptions to the general rules. 13. Identify distributions that are subject to mandatory federal income tax withholding and calculate applicable withholding. 14. State the rules and tax implications applicable to distributions of non-cash assets. 15. Describe Form 1099-R and what is reported on it.

Participant Loans (7%)

1. Calculate the maximum loan amount available to a participant.
2. Explain the refinancing rules.
3. Explain the difference between a loan offset and deemed distribution.
4. Determine whether a loan must be treated as a deemed distribution and explain the associated taxation rules and reporting requirements.

Eligibility (21%)

1. Recognize which employees can be eligible for the plan.
2. Determine a participant's eligibility and entry date into a plan or portion of a plan.
3. Determine how break in service rules affect eligibility determination.
4. Determine the effect of a change in a plan's eligibility requirements on current employees.
5. Explain eligibility to a plan sponsor.

Vesting (11%)

1. Explain to a participant and a plan sponsor how vesting works.
2. Determine a participant's vested account balance.
3. Determine how breaks in service affect vesting service credits and vesting percentages.
4. Calculate a terminated participant's forfeiture amount.
5. Determine when a forfeiture occurs.
6. Describe allowable forfeiture allocation methods.

Employer Contributions (9%)

1. Describe and explain to a plan sponsor the concept of permitted disparity as it applies to defined contribution plans.
2. Calculate a contribution allocation using permitted disparity.
3. Explain the gateway requirements that must be satisfied in order to use cross-testing.
4. Describe to the plan sponsors the concept of cross-testing.
5. Discuss with a plan sponsor the allocation conditions that may be imposed on a plan participant.
6. Summarize the limits on the amounts that may be allocated to a participant's account.
7. Explain to the plan sponsor the consequences of exceeding the annual additions limit.

Safe Harbor (13%)

1. Explain to an employer the advantages and disadvantages of a safe harbor plan.
2. Compare the safe harbor 401(k) plan requirements to non-safe harbor 401(k) plan requirements.
3. Identify when a safe harbor 401(k) feature may be implemented or removed from a plan.
4. Determine whether a contribution satisfies the ADP safe harbor contribution requirements.
5. Distinguish between a QACA and safe harbor plan.
6. Describe to an employer the 401(k) safe harbor top-heavy exemption.

QKA-2 Testing and Compliance Exam

Compensation (8%)
<ol style="list-style-type: none"> 1. Summarize the definitions of compensation under Section 415. 2. Explain the application of a plan's definition of compensation. 3. Identify the components of compensation that are needed for plan purposes. 4. Explain the benefits of using a safe-harbor definition of 414(s) compensation.
HCE (9%)
<ol style="list-style-type: none"> 1. Explain family attribution as it relates to the determination of HCEs. 2. Determine the HCEs using the top-paid group election. 3. Determine the HCEs without using the top-paid group election.
Coverage (20%)
<ol style="list-style-type: none"> 1. Determine who is included in the coverage testing group. 2. Determine which plans or components of a plan may or must be aggregated or disaggregated for minimum coverage purposes. 3. Describe when it is beneficial to use the otherwise excludable rules 4. Explain to an employer the options for corrections of a failed coverage test. 5. Determine who is included in the benefiting group. 6. Perform the ratio percentage test. 7. State three situations in which a plan is deemed to pass the coverage test.
ADP & ACP Testing Part 2 (16%)
<ol style="list-style-type: none"> 1. Identify the types of contributions included in the ADP and/or ACP tests. 2. Identify participants included in the ADP and/or ACP tests. 3. Explain to a plan sponsor the methods used to correct failed ADP and ACP tests. 4. Calculate the amount of excess contributions and excess aggregate contributions. 5. Describe the timing and tax consequences of distributions of excess contribution and excess aggregate contributions. 6. Describe to a participant the reporting of corrective distributions. 7. Describe the corrective contributions that can be used to correct failed ADP and/or ACP tests. 8. Calculate the amount of QNEC and/or QMAC necessary to correct a failed test. 9. Determine how shifting techniques can be utilized in ADP and/or ACP tests. 10. Explain to a plan sponsor ADP and ACP testing and why it is necessary.
ADP & ACP Testing Part 2 (21%)
<ol style="list-style-type: none"> 1. Explain to a plan sponsor ADP and ACP testing and why it is necessary. 2. Calculate the ADP and/or ACP nondiscrimination tests using the prior year testing method and the current year testing method. 3. Identify the advantages and limitations of switching between current year testing and prior year testing. 4. Apply permissive disaggregation rules that may be used to pass the ADP and/or ACP tests.

Top-Heavy and Key Employees (8%)

1. Determine whether an individual is a key employee, former key employee or a non-key employee.
2. Explain to an employer what a top-heavy plan is and what the consequences are.
3. Determine whether a plan is top heavy.
4. Calculate the amount of the required top-heavy minimum contribution.

Form 5500 and Government Reporting (7%)

1. Identify which plans are subject to Title I of ERISA and the applicable reporting requirements.
2. Determine if the plan has the correct fidelity bond amount.
3. Determine which Form 5500 is filed based on the type and size of the plan.
4. Determine which schedules are required to be filed with Form 5500.
5. Describe the filing deadlines for the Form 5500 series.
6. Explain the penalties for not satisfying Form 5500 filing requirements.
7. Describe plan audit requirements.
8. Identify plans that qualify for the small plan audit waiver.
9. Describe the purpose of Form 8955-SSA and determine when it is required to be filed.

Plan Disclosures (8%)

1. Explain the fee disclosure notice that is provided to plan sponsor.
2. Identify which service provider must provide a fee disclosure notice.
3. Describe the requirements of blackout notices.
4. Determine when a blackout notice applies.
5. Describe the rules that apply to participant fee disclosures.
6. Describe the rules associated with SPDs and SMMs.

Ethics (3%)

1. Gain an introduction to ethical scenarios and learn the responses and actions necessary to protect your reputation as a 401(k) professional.

DC-1 Exam

Plan Qualification (9-11%)

1. Describe the basic requirements for a plan to be qualified under the IRC.
2. Distinguish between the different types of plan documents (master plan, prototype, volume submitter, individually designed and trust document).
3. Explain when it is appropriate to submit a plan to the IRS for qualification review and describe the corresponding procedures.
4. Describe an SPD, SMM and the disclosure requirements.
5. Identify potential plan disqualification issues and consequences.
6. Describe the general characteristics of SCP, VCP and Audit CAP.
7. State the general correction principles of the EPCRS program.

Types of Plans (2-4%)

1. Explain the differences between a pension and a non-pension plan.
2. Describe the distinguishing characteristics of different types of defined contribution plans.

Requirements for Eligibility and Participation (10-12%)

1. Explain the statutory eligibility and entry requirements for qualified plans.
2. Define year of service for eligibility purposes.
3. Explain the rules regarding eligibility computation periods and determination methods.
4. Determine a participant's entry date into a plan or portion of a plan.
5. Define break in service and determine how break in service rules operate and affect eligibility determination.
6. Determine the effect of a change in a plan's eligibility requirements on current participants.

Highly Compensated Employees (5-7%)

1. Describe the five-percent owner test and the compensation test related to the determination of HCEs.
2. Explain family attribution as it relates to the determination of HCEs.
3. Describe the calendar year data election as it relates to the determination of HCEs.
4. Describe the top-paid group election as it relates to the determination of HCEs and determine when it is appropriate or useful.
5. Calculate the number of employees included in the top-paid group.
6. Determine an individual's HCE status under IRC §414(q).

Key Employees and Top-Heavy Plans (7-9%)

1. Determine whether an individual is a key employee, former key employee or a non-key employee.
2. Identify when plans may be and when they must be aggregated to determine top-heavy status and explain how aggregation affects the top-heavy status of each plan in the group.
3. Identify the various components included in determining the top-heavy ratio.
4. Calculate the top-heavy ratio.
5. Identify the allocations that are used to determine key employees' allocation rates for purposes of determining a plan's top-heavy minimum contribution.
6. Describe the allocation conditions necessary to receive a top-heavy minimum contribution.
7. Calculate the amount of the required top-heavy minimum contribution

Requirements for Coverage (9-11%)

1. Describe the two tests that may be used to demonstrate that a plan satisfies the minimum coverage requirements under IRC §410(b).
2. Determine who is included in the coverage testing group.
3. Determine who is included in the benefiting group.
4. Describe how certain conditions placed on allocations affect coverage testing.
5. Perform the ratio percentage test.
6. Describe special coverage rules including those applicable to 401(k) plans, aggregation, disaggregation, and leased employees.
7. State three situations in which a plan is deemed to pass the coverage test.
8. Describe the options for correcting an IRC §410(b) coverage failure, including fail-safe provisions that may be included in the plan document.

DC Plan: Contributions and Allocations (7-9%)

1. Determine when various contribution types are allocated and describe the allocation conditions that may be imposed on a plan participant.
2. Describe allowable contribution allocation methods.
3. Calculate a *pro rata* contribution allocation.
4. Describe the annual addition limit under IRC §415 and determine if the annual addition limits have been satisfied.
5. Explain the consequences of exceeding the annual additions limit and identify applicable correction methods.
6. Differentiate between compensation as defined under IRC §§415 and 414(s) and identify which definition of compensation must be used for various qualified an purposes.
7. Identify scenarios in which a plan's definition of compensation for allocation purposes may be subject to nondiscrimination testing.

Deductions (5-7%)

1. Describe the requirements of IRC §404, including factors that affect the deduction limit, compensation used and the computation period.
2. Calculate the maximum deduction for all types of defined contribution plans including situations in which the employer sponsors multiple retirement plans.
3. Explain the impact of a defined benefit plan on the defined contribution plan deduction limits.
4. Determine the contribution deadlines for tax deduction purposes for the different types of business entities.
5. Describe the rules regarding nondeductible contributions, determine the amount of a nondeductible contribution, and calculate the related excise tax.

Requirements for Vesting (12-14%)

1. Explain how vesting works.
2. List the statutory minimum vesting schedules.
3. Identify the conditions under which a participant must become fully vested.
4. Define year of service for vesting purposes.
5. Define break in service and determine how breaks in service affect vesting service credits and vesting percentages.
6. Determine a participant's years of service for vesting purposes, vested percentage and vested balance.
7. Calculate a terminated participant's forfeiture amount.
8. Determine when a forfeiture is deemed to occur and describe allowable forfeiture allocation methods.

Plan Amendments and Terminations (5-7%)

1. Determine when a plan amendment is needed and what type of plan amendment should be used.
2. Identify what benefits are protected by the anti-cutback rules.
3. Define the remedial amendment period.
4. Determine when an SMM is required to be provided to a participant.
5. Describe the purpose and contents of the ERISA §204(h) notice and explain to whom and under what conditions it should be distributed.
6. Describe the process for terminating a defined contribution plan.

Annual Reporting Requirements (9-11%)

1. Identify which plans are subject to Title I of ERISA and the applicable reporting requirements.
2. Explain the fidelity bond requirement and how the bond amount is calculated.
3. Determine which Form 5500 is filed based on the type and size of the plan.
4. Determine the various schedules that are required to be filed with Form 5500.
5. Describe the purpose of Form 8955-SSA and determine when it is required to be filed.
6. Describe the filing deadlines for the Form 5500 series and how those deadlines are modified by a short plan year or a plan termination.
7. Describe the penalties for not satisfying Form 5500 filing requirements for 5500 filers and for 5500-EZ filers.
8. Describe the purpose and requirements of the DFVC Program.
9. Describe the plan audit requirements and the items covered in the accountant's report.
10. Describe the small plan audit waiver, the requirements for additional disclosure to participants and additional bonding that may be required for small plans.

ASPPA Code of Professional Conduct (4-6%)

1. Demonstrate awareness of the provisions of the ASPPA Code of Professional Conduct.
2. Identify the action required of an ASPPA member in areas relating to the ASPPA Code of Professional Conduct.

DC-2 Exam

401(k) Basics (10-12%)

1. Identify the basic concepts that apply to cash or deferred arrangements including eligibility, vesting and distribution conditions.
2. List the various types of contributions permitted in a 401(k) plan.
3. Describe enrollment in a 401(k) plan including automatic enrollment and describe the rules associated with EACAs and QACAs.
4. Describe how the limits of IRC §§401(a)(30) and 402(g) apply to elective deferrals.
5. Calculate and correct excess deferrals and state how the timing of the correction affects the tax consequences of an excess deferral.
6. Describe designated Roth contributions, how they are tested and how they are taxed.
7. Describe catch-up contributions and situations that result in catch-up contributions.
8. Identify catch-up eligible participants.
9. Explain the advantages/disadvantages of not matching catch-up contributions.
10. List the distributable events as they pertain to elective deferrals, QNECs, QMACs and safe harbor contributions.

Coverage and Nondiscrimination (10-12%)

1. Describe the mandatory disaggregation rules that apply to coverage testing of 401(k) plans.
2. Describe the differences between participants in the testing group and the benefiting group with respect to elective deferrals and matching contributions for coverage test purposes.
3. State the rules for testing elective deferrals, after-tax employee contributions and matching contributions for coverage and nondiscrimination.
4. Explain prior year and current year testing methods and the rules for changing from one method to another.
5. Identify the types of contributions included in the ADP and/or ACP tests.
6. Identify participants included in the ADP and/or ACP tests.
7. Calculate the ADP and/or ACP nondiscrimination tests using the prior year testing method and the current year testing method.
8. Determine whether the ADP and/or ACP tests satisfy the nondiscrimination requirements.

Correction of Failed ADP/ACP Tests (10-12%)

1. List methods used to correct failed ADP and/or ACP tests.
2. Calculate the amount of excess contributions, excess aggregate contributions, and applicable earnings adjustments.
3. Identify the timing and tax consequences (including calculating applicable excise taxes) of distributions of excess contribution and excess aggregate contributions, including differences for automatic enrollment plans.
4. Describe the reporting of corrective distributions.
5. Describe QNECs and QMACs and explain how they are used to correct failed ADP and/or ACP tests.
6. Calculate the amount of QNEC and/or QMAC necessary to correct a failed test.
7. State when and how shifting techniques can be used to correct failed ADP and/or ACP tests.

Special Coverage and ADP/ACP Testing Rules (4-6%)

1. Identify the double-counting limits when switching from current year testing to prior year testing.
2. Define otherwise excludable employees and describe how permissive disaggregation may be used to pass the ADP and/or ACP tests.
3. Describe the deemed three percent rule.

Safe Harbor 401(k) and 401(m) Plans (7-9%)

1. Identify the eligibility, vesting, distributions, notification and other conditions that apply to safe harbor 401(k) plans.
2. State the timing and content requirements for the 401(k) safe harbor notice and the QACA notice.
3. Identify when a safe harbor 401(k) feature may be implemented or removed from a plan.
4. Determine whether a contribution satisfies the ADP safe harbor contribution requirements and calculate ADP safe harbor contributions.
5. Determine whether a contribution satisfies the ACP safe harbor requirements and calculate ACP safe harbor contributions.
6. Explain deposit timing of safe harbor match made on a payroll or quarterly basis.
7. Describe how safe harbor contributions affect the top-heavy requirements.

Participant Investment Direction (5-7%)

1. Describe the disclosure rules under ERISA §404(a) for participant-directed plans and to what types of plans the rules apply.
2. Determine whether a disclosure for a participant-directed plan has been timely made.
3. Describe the purpose of ERISA §404(c), to what types of plans it applies, and the requirements for compliance.
4. Describe the limited protection available for employer securities under ERISA §404(c).
5. Identify fiduciaries for purposes of ERISA §404(c) and describe situations in which a fiduciary may decline to follow a participant's instructions without jeopardizing ERISA §404(c) relief.
6. Identify the disclosure rules for qualified default investment alternative requirements.
7. Identify the requirements for default investments to qualify for relief under ERISA §404(c)(5).
8. Describe the timing and content requirements of blackout notices and determine when a blackout notice applies.

Allocation Methods (14-16%)

1. List the conditions a defined contribution allocation method must satisfy to qualify as a safe harbor.
2. Differentiate between design-based safe harbor allocations and non-design-based safe harbors.
3. Identify the types of plans that may use an allocation formula with permitted disparity.
4. Describe permitted disparity as it applies to defined contribution plans.
5. Calculate a contribution allocation using permitted disparity.
6. Describe the new comparability allocation method.
7. Explain the gateway requirements that must be satisfied in order to use cross-testing.
8. Describe the concept of cross-testing.
9. Define rate group (or general) testing and identify when it is utilized.
10. Explain how to determine the rate groups that will be used to perform general testing and identify rate group members.

Distributions (9-11%)

1. Identify the different forms of distributions (lump sum, annuity, installments) and the special rules applicable to each form.
2. Describe when spousal consent would be required for a distribution from a defined contribution plan.
3. Describe a QJSA and identify when a defined contribution plan must offer benefits in the QJSA form.
4. Identify the hardship withdrawal rules under the final 401(k) regulations.
5. Calculate maximum available hardship withdrawal.
6. Identify participants who must take RMDs and when such distributions must begin.
7. Calculate the amount of an RMD.
8. Describe the elements of a QDRO.

Taxation (7-9%)

1. Describe the tax impact of rolling a distribution into a Roth IRA.
2. Identify distributions that are eligible rollover distributions.
3. List the rules and penalties that apply to premature retirement plan distributions, including the exceptions to the general rules.
4. Identify distributions that are subject to mandatory federal income tax withholding and calculate applicable withholding.
5. State the rules and tax implications applicable to eligible rollover distributions, including in-plan rollovers (or Roth conversions).
6. Identify the reporting requirements for plan distributions, including the deadlines for filing Form 1099-R and Form 945.

Participant Loans (5-7%)

1. Explain the requirements for participant loans including repayment rules and conditions under which loans may be suspended.
2. Calculate the maximum loan amount available to a participant.
3. Explain the refinancing rules and determine whether a refinancing request satisfies the requirements for qualified plan loans.
4. Determine whether a loan must be treated as a deemed distribution and explain the associated taxation rules and reporting requirements.

ASPPA Code of Professional Conduct (4-6%)

1. Demonstrate knowledge of the provisions of the ASPPA Code of Professional Conduct.
2. Identify the action required of an ASPPA member in areas relating to the ASPPA Code of Professional Conduct.

ARA Code of Professional Conduct



Purpose

The purpose of this Code of Professional Conduct (“Code”) is to identify the professional and ethical standards with which a Member must comply, in order to fulfill the Member’s responsibility to the American Retirement Association and its affiliate organizations, other Members, and the public. Members are required to adhere to the high standards of conduct, practice, and qualification set forth in this Code.

Definitions

Actuary: an individual who is a Member of the American Retirement Association and holds an MSPA or FSPA from the ASPPA College of Pension Actuaries or an actuarial credential from another organization that is a member of the International Actuarial Association (IAA) or is an enrolled actuary in good standing with the Joint Board for the Enrollment of Actuaries.

Advertising: all communications by whatever medium, including oral communications, which may directly or indirectly influence any person or organization to decide whether there is a need for Professional Services or to select a specific person or firm to perform such services.

Confidential Information: information not in the public domain of which the Member becomes aware during the course of rendering Professional Services to a Principal. It may include information of a proprietary nature, information which is legally restricted from circulation, or information which the Member has reason to believe that the Principal would not wish to be divulged.

Credential: a membership designation (e.g., Certified Pension Consultant; Member, Society of Pension Actuaries; or Associated Professional Member) conferred by American Retirement Association.

Law: statutes, regulations, judicial decisions, and other statements having legally binding authority.

Member: an individual who is a Member of American Retirement Association or any affiliate organization of American Retirement Association.

Principal: any present or prospective client of a Member or the employer of a Member where the Member provides retirement plan services for their employer’s plan.

Professional Communication: a written, electronic or oral communication issued by a Member with respect to Professional Services.

Professional Services: services provided to a Principal by a Member, including the rendering of advice, recommendations, findings, or opinions related to a retirement or other employee benefit plan.

Titles: leadership positions, volunteer experience, awards and other honors conferred by American Retirement Association.

Advertising

Member shall not engage in any Advertising with respect to Professional Services that the Member knows or is reasonably expected to know are false.

Communications

A Member who issues a Professional Communication shall take appropriate steps to ensure that the Professional Communication is appropriate to the circumstances and its intended audience.

Compliance

A Member shall be knowledgeable about this Code, keep current with Code revisions and abide by its provisions. Laws may impose binding obligations on a Member. This Code is not intended to supplant, contradict or supersede Law (e.g., Circular 230) or other Codes of Conduct that establish professional standards for Members in the rendition of Professional Services and that have been sanctioned by the federal or a state government. Where the requirements of Law or such governmentally-sanctioned Codes conflict with this Code, the requirements of Law or such governmentally-sanctioned Codes take precedence.

Confidentiality

A Member shall not disclose to another party any Confidential Information obtained in rendering Professional Services for a Principal unless authorized to do so by the Principal or required to do so by Law.

Conflicts of Interest

A Member shall not perform Professional Services involving an actual conflict of interest unless:

- The Member's ability to act fairly is unimpaired; and
- There has been full disclosure of the conflict to the Principal(s); and
- All Principals have expressly agreed to the performance of the services by the Member.

If the Member is aware of any significant conflict between the interests of a Principal and the interests of another party, the Member should advise the Principal of the conflict and include appropriate qualifications or disclosures in any related communication.

Control of Work Product

A Member shall not perform Professional Services when the Member has reason to believe that they may be altered in a material way or may be used to violate or evade the Law. The Member should recognize the risk that materials prepared by the Member could be misquoted, misinterpreted or otherwise misused by another party to influence the actions of a third party and should take reasonable steps to ensure that the material is presented fairly and that the sources of the material are identified.

Courtesy and Cooperation

A Member shall perform Professional Services with courtesy and shall cooperate with others in the Principal's interest.

A. Principal has an indisputable right to choose a professional advisor. A Member may provide service to any Principal who requests it even though such Principal is being or has been served by another professional in the same manner.

B. When a Principal has given consent for a new or additional professional to consult with a Member with respect to a matter for which the Member is providing or has provided Professional Services, the Member shall cooperate in assembling and transmitting pertinent data and documents, subject to receiving reasonable compensation for the work required to do so. In accordance with Circular 230, the Member shall promptly, at the request of the Principal, return any and all records of the Principal that are necessary for the Principal to comply with federal tax Law, even if the Member is not subject to Circular 230. The existence of a fee dispute generally does not relieve the Member of this responsibility except to the extent

permitted by applicable state Law. The Member need not provide any items of a proprietary nature or work product for which the Member has not been compensated.

Disclosure

A Member shall make full and timely disclosure to a present or prospective Principal of all sources of direct or indirect material compensation or other material consideration that the Member or the Member's firm has received or may receive in relation to an assignment for such Principal. The disclosure of sources of material compensation or consideration that the Member's firm has received, or may receive, is limited to those sources known to, or reasonably ascertainable by, the Member.

Professional Integrity

A Member shall perform Professional Services, and shall take reasonable steps to ensure that Professional Services rendered under the Member's supervision are performed, with honesty, integrity, skill and care. A Member has an obligation to observe standards of professional conduct in the course of providing advice, recommendations and other services performed for a Principal. A Member who pleads guilty to or is found guilty of any misdemeanor related to financial matters or any felony shall be presumed to have contravened this Code and shall be subject to American Retirement Association's counseling and disciplinary procedures.

Qualification Standards

A Member shall render opinions or advice, or perform Professional Services, only when qualified to do so based on education, training and experience.

Titles and Credentials

A Member shall make truthful use of the membership Titles and Credentials of ARA to which the Member is entitled, and only where that use conforms to the practices authorized by American Retirement Association, and its affiliate organizations. A Member who is not an Actuary as defined in section 1 of this Code shall not professionally represent to the public to be an actuary or knowingly allow such misrepresentation by others.

Additional Obligations

A Member whose professional conduct is regulated by another membership organization shall abide by the professional Code of Conduct (or similar rules) of such organization. For example, a Member who is an actuary shall also abide by the Code of Professional Conduct for actuaries.

A Member shall respond promptly in writing to any communication received from a person duly authorized by American Retirement Association to obtain information or assistance regarding a Member's possible violation of this Code. The Member's responsibility to respond shall be subject to Section 5 of this Code, "Confidentiality," and any other confidentiality requirements imposed by Law. In the absence of a full and timely response, American Retirement Association may resolve such possible violations based on available information.

Suspension and or revocation of designations due to actual or reported violation of the ARA Code of Conduct is addressed in the ARA Code of Conduct Disciplinary Procedures.