

Pension Elements

Empowering
the Financial World



PENSION ELEMENTS

Welcome

Pension Elements is a 7-part series designed to acquaint new learners with the terms and concepts related to qualified retirement plans.

When you complete this series, you will be familiar with some very important concepts and features of qualified plans.

You will understand:

- why employers sponsor qualified plans
- the typical types of plans available
- the basic characteristics of these plans
- when and how employees may participate
- who writes the rules and regulations

First Things First

Welcome!

The Pension Educator Series is designed to introduce you to the terms and concepts related to employee benefits with emphasis on employer sponsored qualified retirement plans. The series concentrates on the concepts and vocabulary of industry rules and regulations. To get started, click on one of the topics within the menu on the left. To open the menu, click on the “Menu” button below, or click on the “Next” button in the navigation bar.

How to Navigate the Course

- When the course has loaded, you can use the navigation buttons at the top of the page below the lesson title to go from page to page. Alternatively, you can use the arrow keys on your keyboard to navigate from page to page within the course. We recommend using the keyboard for faster navigation.
- Click on a link in the menu on the left of the screen to navigate to a lesson in the course. Depending on your screen width, you may need to click on the “Menu” button to open or close it. Clicking on the links will take you directly to a lesson. The course content will appear in the main area next to the menu.
- You can also use the navigation panel to print the current content page, launch the course glossary, or exit the course completely.
- When you select “Print,” a menu will appear allowing you to select to print either the page in view or the entire course. When you print the whole course, you get the course content and learning interactions (without the answers). We recommend printing the course to a PDF file for better portability.
- The Glossary contains over 500 terms that may be viewed by selecting the letter of the glossary entry (alpha) from the dropdown menu, and then selecting the glossary entry from its drop-down menu (terms).
- Throughout the course content, you will find links for glossary terms. To view the glossary entry, simply hover your mouse cursor over the link and the definition will appear. Moving your mouse cursor away will close the glossary entry.

Taking & Scoring Quizzes

Each course concludes with a quiz. In order to access the quiz, click on the “Start Quiz” link on the Summary page of the course. You may expect 10 to 20 multiple choice questions. Each quiz question will provide feedback whether your answer is correct or not. A score of 80% is needed to pass the quiz. After you finish the quiz, please note the following:

- Your score will automatically appear on the quiz summary page.
- If you received less than 80%, you can exit and re-launch the course when most convenient to you.
- If you received a score of 80% or better, you will be given the option to submit the score. Click this button to receive credit for this course. Once you click this button, you will exit the course and it will appear in your training transcript.

Checking Your Progress

When you have completed a course by successfully passing a quiz or exam, exit the course and return to the “My Courses” screen. There you may click on the “Transcript” tab to display a summary of the courses you have taken. Your most recent scores are available for your review.

- To view the completion detail, simply click on the course title.
- Click the link “Back to Course Information” to return to your transcript
- Return to the “Registered” tab to launch any remaining courses and continue your learning path.

PES101 | Introduction to Retirement Plans

Introduction

Americans are living longer than ever before and are retiring earlier without the continuing steady income of a job. Many retirees pursue an active lifestyle, catching up on all the activities they missed while pursuing a career. To maintain this active lifestyle, or, in many cases, just to maintain the lifestyle which they had become accustomed to while working, employees need to achieve economic security before retirement. Social Security is one part of this security; personal savings is another part.

However, these amounts may fall short. Increasingly, the shortfall is made up by amounts generated by employer sponsored qualified retirement plans. These plans allow employees to build up large amounts for retirement through tax deferred earnings and contributions from the employer.

In this module we cover the following topics:

- Things To Know First
- Learning Objectives
- Introduction
- Why Employers Sponsor Retirement Plans
- Plan Basics
- Plan Types
- Summary & Quiz

Learning Objectives

Welcome!

In this course, we will discuss the basic reasons why retirement plans exist and why employers sponsor them. After completing this course, you will have been introduced to:

- qualified and non-qualified plans
- defined benefit and defined contribution plans
- employer motivation to sponsor plans
- the basic characteristics of qualified plans

PES102 | Characteristics of Qualified Plans

Introduction

In this course, we will begin our discussion of qualified retirement plans -- who can participate in them, what benefits a participant can receive, how much the plan can contribute for those participants, and how the plan will be administered to fairly benefit all participants. When you complete this course, you will be familiar with terms such as highly compensated employee, 415 limit, and vesting.

In this module we cover the following topics:

- Things To Know First
- Learning Objectives
- Introduction
- Who Can Participate in Retirement Plans
- When Employees Benefit From The Plan
- How Much the Employer Contributes
- Proving Compliance
- Summary & Quiz

Learning Objectives

Welcome!

In this course, we will discuss who is eligible to participate in a qualified retirement plan along with the basic types of benefits that a person can receive. We will also discuss the basic requirements needed to show that the plan complies with laws and regulations. After completing this course, you will be familiar with:

- who is eligible to participate
- when employees can participate
- the basic requirements and limits on how much an employer can contribute to a plan
- what must be done to show that a plan complies with governing laws and regulations

PES103 | Defined Benefit Plans

Introduction

Qualified plans come in two main types: defined benefit (DB) plans and defined contribution (DC) plans. There are several differences between DC and DB plans. A DC plan has accounts established for plan participants, its contributions are determined by a formula explained in the plan document, and the benefits payable to participants are their account balances. A DB plan has no individual accounts for participants, its benefits are determined by the formula explained in the plan, and contributions are made to fund these promised benefits.

In this module we cover the following topics:

- Things To Know First
- Learning Objectives
- Introduction
- Characteristics of Defined Benefit Plans
- Types of Defined Benefit Plans
- Funding of Defined Benefit Plans
- Summary & Quiz

Learning Objectives

Welcome!

In this course, we will discuss Defined Benefit (DB) plans, the type of retirement plan that many people think of as pension plans. We will discuss the various types of DB plans along with how these plans are funded. After completing the course, you will be familiar with:

- basic characteristics of a DB plan
- different types of DB Plans
- how DB plans are funded
- how the benefits in a DB plan are guaranteed

PES104 | Defined Contribution Plans

Introduction

Defined Contribution (DC) plans are the most popular variety of qualified plans. These plans are characterized by individual accounts for each participant. At retirement, a DC plan pays to a participant the money that has accumulated in that participant's individual account, not a set retirement benefit as in a traditional Defined Benefit plan. The account includes contributions, which have been made by the employer, the employee, or both, plus any earnings and forfeiture allocations. The plan document explains the formula that will be used to determine employer contributions. DC plans include profit sharing, ESOP, stock bonus, 401(k), SEP, SIMPLE, IRAs, money purchase and target benefit plans.

In this module we cover the following topics:

- Things To Know First
- Learning Objectives
- Introduction
- Overview of Defined Contribution Plans
- Types of Defined Contribution Plans
- Additional Plan Types
- Summary & Quiz

Learning Objectives

Welcome!

In this course, we discuss Defined Contribution (DC) plans. These plans, which include the popular 401(k), come in various forms with many different requirements and provisions. After completing this course, you will be familiar with:

- characteristics of a DC plan
- the different types of DC plans
- how contributions are allocated in a DC plan
- how earnings are allocated in a DC plan
- other retirement plans and arrangements

PES105 | The Plan Document

Introduction

To receive the tax advantages of a qualified plan, the employer must establish the plan by obtaining a plan document, creating the trust fund, enrolling participants, and making contributions.

In this course we will look at the plan document itself - what requirements that the plan document must meet, who sets these requirements, what must be explained in the plan document, and how it must be communicated to plan participants.

In this module we cover the following topics:

- Things To Know First
- Learning Objectives
- Introduction
- Legal Requirements
- Plan Provisions
- Summary & Quiz

Learning Objectives

Welcome!

In this course, we discuss the plan document. This is the legal instrument that actually sets up a qualified retirement plan and spells out its requirements, provisions, benefit formulas, etc. After completing this course, you will be familiar with:

- who sets and enforces the legal requirements
- the basic requirements of a plan document
- how the plan is communicated to the participants
- basic provisions that must be included

PES106 | Establishing a Qualified Plan

Introduction

Once an employer has decided to establish a qualified plan, there are many steps to complete before a plan may operate. In this course we will discuss the necessary steps to establish a qualified retirement plan. These include deciding on the plan type which best suits the needs of the employer, opening the trust fund account, adopting the plan, educating and communicating with employees, and beginning the enrollment process.

In this module we cover the following topics:

- Things To Know First
- Learning Objectives
- Introduction
- Setting Up a Qualified Plan
- Form of Plan Document
- Installing the Plan
- Summary & Quiz

Learning Objectives

Welcome!

In this course, we will discuss the steps needed to set up and install a qualified retirement plan. We will evaluate the selection of a plan type and plan document as well as the formal steps needed to adopt a plan. We also look at the steps to enroll employees. After completing this course, you will be familiar with:

- steps needed to establish a plan
- determining the plan type to be established
- types of plan documents available to use
- steps to formally adopt the plan
- an IRS Determination Letter
- enrolling employees into the newly adopted plan

PES107 | Plan Administration

Introduction

Once an employer establishes a plan, the day-to-day administration of the plan begins. In most plans, the employer is the official plan administrator. However, the employer typically hires a third party administrator (TPA) to perform some or all of the administrative tasks on its behalf. The TPA can be any person or entity, including a bank, insurance company, accountant, actuary or consultant. The administrator performs tasks such as trust accounting, determining distributions for retirement, terminations or hardships, and managing loans. At the end of the plan year, the administrator allocates contributions, tests the plan for compliance with the law, and prepares reports of plan activities for the year for the participants, the employer and the government.

In this module we cover the following topics:

- Things To Know First
- Learning Objectives
- Introduction
- Day-to-Day Administration
- Year-End Administration
- Summary & Quiz

Learning Objectives

Welcome!

In this course, we discuss the administration of qualified plans. This includes tasks that need to be done day-to-day as well as tasks that need to be done at the end of the plan year. After completing this course, you will be more familiar with:

- day-to-day administrative tasks to be completed
- end of year administrative tasks to be completed
- annual reporting and filing requirements
- compliance testing that must be done each year

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