

**Employee Benefit Plan
Defined Benefit Plans Minimum Vesting Standards
(Worksheet Number 2A – Determination of Qualification)**

INSTRUCTIONS – All items must be completed. A “Yes” answer generally indicates a favorable conclusion is warranted while a “No” answer indicates a problem exists. Please use the space on the worksheet to explain any “No” answer. See Document 6390, Explanation Number 2A, for guidance in completing this form.

The technical principles in this worksheet may be changed by future regulations or guidelines

Name of Plan

I. Years of Service and Breaks in Service

Note—Questions g.-k. do not apply to plans that use hours of service as a basis for determining service for vesting purposes. Questions a.-f. do not apply to plans that use the elapsed time method of determining service. Questions l.-p. must be considered for all plans.

Plan Reference	Yes	No	N/A
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a. Does the plan designate a “vesting computation period”? [2002]

b. Is an employee required to complete no more than H hours of service during the “vesting computation period” to be credited with a year of service? [2003]

c. Does the plan credit hours of service in accordance with Department of Labor (DOL) Regulations? [2004]

d. If the plan credits hours of service for periods when no duties are performed, does the plan incorporate, in its own words or by reference, the rules for determining and crediting these hours? [2005]

e. Is a “break in service” defined as a vesting computation period when the employee is not credited with more than B hours? [2006]

f. Does the plan credit service to the appropriate computation period in order to avoid a break in service for employees on maternity or paternity leave? [2007]

g. Does the plan credit an employee with a period of service, beginning no later than the employment commencement date and ending no sooner than the severance from service date? [2008]

h. Does the plan determine an employee’s total period of service by aggregating all individual periods, unless the periods of service may be disregarded under the rule of parity? [2009]

i. In determining an employee’s period of service, does the plan take into account certain periods of severance? [2010]

j. Is a 1-year period of severance defined as a 12-consecutive-month period beginning on the severance from service date and during which the employee does not perform an hour of service for the employer? [2011]

k. Is the first period of severance ignored to the extent that such period is attributable to maternity or paternity leave? [2012]

l. Are all years of service counted for vesting purposes, except as provided in Internal Revenue Code section 411(a)(4)? [2013]

m. Are years of service with the employer before the participant entered the plan, including years of service with the employer in noncovered employment, counted for vesting purposes? [2014]

	Plan Reference	Yes	No	N/A
n. Are years of service with other members of a controlled group of corporations, or with trades or businesses under common control, or with other organizations that comprise an affiliated service group counted for vesting purposes? [2015]				
o. When the employer maintains the plan of a predecessor employer, does the plan provide that service with the predecessor is counted as service with the employer? [2016]				
p. Is service of individuals who are leased employees of any controlled group or affiliated service group counted? [2017]				
II. Vesting on Separation From Service-Return to Service Without Break in Service Note-For purposes of determining service under the elapsed time method, a break in service is a 1-year period of severance.				
a. Does an employee continue to vest, starting at the point in the vesting schedule where the employee left employment, in both the pre-separation and post-separation accruals? [2019]				
III. Vesting on Return to Service After a Break in Service				
a. If a participant separates from service with a nonforfeitable interest, does the plan require that, upon re-employment, the pre-break service will be considered for purposes of determining vested interest in benefit accruals resulting from employer contributions after a year of service is completed? [2022]				
b. If an employee who has no vested interest from service and is re-employed before the number of consecutive 1-year breaks in service equals or exceeds the greater of 5 or the number of years of service whether or not consecutive ("Rule of Parity"), does the plan require that upon re-employment the pre-break service will be considered for purposes of determining the vested interest in benefit accruals that resulted from employer contributions after a year of service is completed? [2023]				
IV. Contributory Plans-Complete Only if Plan Permits Employee Contributions (Voluntary or Mandatory)				
a. Is a forfeiture because of withdrawal of employee contributions precluded when the employee is at least 50 percent vested in the accrued benefits that resulted from employer contributions? [2027]				
b. If a plan permits a forfeiture on withdrawal of mandatory employee contributions when an employee is less than 50 percent vested in accrued benefits that resulted from employer contributions, does the plan provide for restoration of forfeited amounts on repayment of withdrawn employee contributions plus interest? [2028]				
V. Cash-Outs and Immediate Distributions				
a. For purposes of determining an employee's accrued benefit that resulted from employer contributions, does the plan not disregard years of service performed for which the employee received a cash-out? [2032]				
(If the answer is "Yes," skip to (f).)				
b. If an involuntary cash-out, must the employee receive a distribution of the present value of the entire nonforfeitable benefit that resulted from employer contributions? [2033]				
c. Are such distributions made because of the termination of the employee's participation in the plan? [2034]				

	Plan Reference	Yes	No	N/A
d. Is the value of the employee's accrued benefit restored when the employee repays the full amount of the distribution as provided by regulations? [2035]				
e. Does the plan disregard service only for which an employee receives payment? [2036]				
f. Is the interest rate for valuing accrued benefits and determining the amount of distributions specified by the plan? [2037, 2038]				
For plans adopted or first effective on or after December 8, 1994 or if the plan is an existing plan that is eligible to and has elected to amend for RPA '94, complete V.j. - l. For all other plans, complete V.g. - i.				
g. Does the plan satisfy the section 417 interest rate limitations as amended by section 1139 of TRA '86? [2037, 2038]				
h. Does the plan determine the section 417 interest rate limitation as of the date of distribution or the first day of the plan year? [2039]				
i. If the plan uses an interest rate in addition to the section 417 rate, does it provide that the present value of vested accrued benefits and the amount of distributions will be determined using the rate which results in the greatest benefit? [2040]				
j. Does the plan satisfy the section 417 interest and mortality table limitations as amended by section 767 of RPA '94? [2043, 2044]				
k. Does the plan define the stability period and look-back period used to determine the section 417 interest rate limitation? [2045]				
l. If the plan uses an interest rate or mortality table in addition to the section 417 rate, does it provide that the present value of vested accrued benefits and the amount of distributions will be determined using the rate which results in the greater benefit? [2046]				
m. Are immediate distributions, where the present value of the vested accrued benefit has ever exceeded \$5,000, precluded unless the participant consents? [2047]				
VI. Vesting Schedule				
a. At all times does the plan's vesting schedule satisfy the requirements of a particular one of the two minimum vesting schedules described in Code section 411(a)(2)(A) or (B), as amended by the TRA '86, for all years of service? [2042]				
b. If a plan's vesting schedule is changed by a plan amendment, does the new vesting schedule satisfy any particular one of the vesting schedules described in Code section 411(a)(2)(A) or (B) for all years of service? [2042]				
VII. Accrued Benefits				
a. Insured Plans				
i. Is the plan funded exclusively with insurance contracts, satisfying the requirements of Code section 412(i)? (If the answer is "Yes," complete only questions b.(i) and f. of this worksheet.)				

b. General	Plan Reference	Yes	No	N/A
i. Does the plan provide neither a decrease in benefit payments to a participant (or beneficiary), nor a decrease in a separated participant's rights to benefits, because of an increase in social security benefits? [2049]				
ii. Does the plan provide for an accrual computation period for purposes of providing an accrued benefit? [2050]				
iii. For purposes of benefit accrual, does the plan take into account every year required by DOL Regulations? [2051]				
iv. If an employee may begin participation on a date other than the first day of an accrual computation period, does the plan provide for a partial year of participation as required by the DOL Regulations? [2052]				
v. Does the plan not defer the accrual of benefits on behalf of an employee beyond the completion of 2 continuous years of service? [2053]				
vi. If the plan defers accruals during a period of up to a participant's first 2 years of service, does the participant retroactively accrue a benefit for that period after it ends? [2053]				
c. Normal Retirement Benefit				
i. Is the plan's accrued benefit always ascertainable? [2057]				
ii. Is the plan's normal retirement benefit, as specified in the plan, equal to the plan's greatest early retirement benefit, or the benefit at normal retirement age, whichever is greater? [2058]				
d. Methods Once a plan satisfies the requirements of either i., ii., or iii. DO NOT complete the remaining items of section d.				
i. 133-1/3 Percent Test				
A. Is the accrued benefit that becomes payable at normal retirement age equal to the plan's normal retirement benefit? [2062]				
B. Is the accrual rate in any given year under the plan no greater than 133-1/3 percent of the accrual rate in any prior year (make appropriate adjustments for ancillary benefits)? [2062]				
If the answer is "Yes," DO NOT complete the remainder of section d.				
ii. 3 Percent Test (Use this test last for Unit Benefit Plans).				
A. In a fully integrated excess or offset plan, does the plan prohibit an early retirement benefit? (If the answer is "No," use another test.) [2062]				
B. If the plan bases its benefit on average compensation, does it specify that the benefit is determined on the basis of compensation averaged over consecutive years of service, not more than 10, which yield the highest average? (If the answer is "No," the 3 percent test cannot be met.) [2062]				
C. Is the accrual of plan benefits based on a "normal retirement benefit" which is figured assuming the earliest possible entry age under the plan? (If no entry age is specified by the plan, use a 0.) [2062]				

	Plan Reference	Yes	No	N/A
D. If a participant does not accrue the "normal retirement benefit" by normal retirement age, are years of participation after normal retirement age counted for purposes of meeting the requirement that the benefit accrued at the rate of at least 3 percent a year? [2062]				
E. Does the plan specify the accrual of the "normal retirement benefit" will be a rate of at least 3 percent of the benefit for each year of participation? [2062]				
Check "Yes" if the 3 percent test is satisfied. (If all answers above are "Yes," this test is satisfied.) If this test is satisfied, do not complete remainder of this section.				
If the answer to B., C., and D. is "Yes," but the answer to E. is "No," then complete F.				
F. Can it be demonstrated mathematically that the plan's "normal retirement benefit" accrues at a rate of at least 3 percent for each year of participation? In making this calculation, assume the earliest possible entry age under the plan. (If no entry age is specified, assume 0.) See the explanation for guidance in making your mathematical computations. [2062]				
iii. Fractional Rule				
A. If the plan benefit is based on average compensation, is the average based on compensation for a period no greater than the 10 years of service immediately before the date the benefit is determined? [2062]				
B. Does the plan's benefit accrue at the same rate for all years? [2062]				
If the answers to A. and B. are "Yes," this rule is satisfied.				
C. Is it clear from the language of the plan that if a participant terminates service in year Y that the accrued benefit at Y is at least equal to the product of the plan's normal retirement benefit times a fraction of the actual years of participation from entry to Y over the years of service from entry to normal retirement age? [2062]				
e. Coordinating Accrual Rules with Top-Heavy Rules				
Do the accrual benefit rules properly coordinate with the top-heavy rules? [2078]				
f. Allocation of Accrued Benefits Between Employer and Employee Contributions				
If the plan does not provide for employee contributions, DO NOT complete this section.				
i. Does the plan maintain separate accounts for voluntary employee contributions? (If no voluntary contributions are permitted, check "N/A") [2081]				
ii. Does the plan define the accrued benefit that is the result of employer contributions as the total accrued benefit less the accrued benefit that is the result of mandatory employee contributions? [2082]				
iii. If the plan provides for mandatory employee contributions, does it correctly determine the accrued benefit that resulted from these contributions? [2083]				
iv. Is the interest credited to mandatory contributions calculated in accordance with section 411(c)(2)(C)? [2084, 2085]				

VIII. Amendment Affecting Accrued Benefits and Vesting	Plan Reference	Yes	No	N/A
a. If the vesting schedule is being amended, is the nonforfeitable percentage of every participant not less than the percentage figured under the plan before amendment? [2091]				
b. If the vesting schedule is being amended, does the plan provide that certain participants may choose the former schedule? [2092]				
c. If the plan is being amended, is each participant's accrued benefit after the amendment not less than the accrued benefit before the amendment? [2093]				
d. If the early retirement benefits or other optional retirement benefits are changed by an amendment, are the benefits with respect to the benefits accrued to the date of the amendment not reduced for any employee who at any time on or after the amendment satisfies the pre-amendment conditions for the benefit? [2093]				
e. If "section 411(d)(6) protected benefits" are eliminated by a plan amendment, are such protected benefits preserved with respect to benefits accrued as of the later of the adoption or effective date of the amendment? [2093]				
f. Are any restrictions added to previously unrestricted benefits? [2093]				
g. If a plan amendment eliminates a pre-retirement age 70½ distribution option, does the plan retain the option for employees who reach age 70½ in a calendar year beginning before 1999? [2094] (Note: This amendment may not be adopted, and the option may not be eliminated with respect to benefits already accrued, prior to finalization of the regulations under section 411(d)(6), on June 5, 1998. See Explanation #9.)				
IX. Miscellaneous				
a. Does the plan satisfy the requirement that benefit accruals may not cease or be reduced because of the attainment of any age? [2097]				
b. If the plan reduces accruals otherwise required by section 411(b)(1)(H)(i) on account of distributions or actuarial adjustment for delayed payment, does the manner of reduction satisfy the requirements of the proposed regulations? [2098]				
c. Are "section 411(d)(6) protected benefits" available to employees without regard to employer consent or discretion? [2099]				
d. Does the plan provide, in the case of an employee (other than a 5-percent owner) who retires in a calendar year after the calendar year in which the employee attains age 70½, that the employee's accrued benefit is actuarially increased from April 1 after the calendar year in which the employee attains age 70½ to the date on which benefits commence after retirement in an amount sufficient to satisfy section 401(a)(9)? [2088]				
e. Does the plan provide that the actuarial increase under d. must be provided even during the period that an employee is in suspendible service under section 203(a)(3)(B) of ERISA? [2089]				