

*Questions***Self Assessment Problems for Chapter Three**

1. May an employer use the following eligibility provision under a qualified plan: "employees who customarily work less than 25 hours per week are excluded from participation?"
2. Does all service with an employer count for purposes of the one-year waiting period?
3. What is the criteria for determining who is an "employee" for purposes of coverage under a qualified plan?
4. ABC, Inc. adopts a qualified plan with a calendar plan year. The SPD explains the plan's eligibility provision as follows:

"In order to be eligible for participation in this plan, you must have attained age 21 and have completed an eligibility computation period during which you are credited with 1,000 hours of service. The eligibility computation period is the 12-month period that begins with your date of hire. If you do not meet the service requirements during the first year following your date of hire, the eligibility computation period becomes the plan year. You may then meet the requirements during any plan year. Participation in the plan begins only on an entry date. Your first entry date will be the earlier of January 1 or July 1 coincident with or immediately following the satisfaction of the eligibility requirements."

For rehired employees, the SPD explains eligibility as follows:

"If you had satisfied the eligibility requirements before you terminated employment, you will become a participant immediately upon the date of rehire if your rehire date is on or after your first entry date. Otherwise, you will be eligible to participate on the next entry date. If you had not yet satisfied the eligibility requirements at the time you terminated employment, you must meet the eligibility requirements as if you were a new employee. If you terminate employment and are rehired, your service prior to termination will not count until you have completed a year of service. If you had no vested interest and terminated employment, your service before termination will not count toward your total service when rehired if you are rehired after five breaks in service."

- a. Paul Participant (age 30) is hired by ABC on January 5, 2003 as a full-time employee. When is his expected date of entry into the plan? If Paul was hired as a part-time employee (500 hours per month), when is his expected date of entry into the plan?
- b. Paula Participant entered the plan as a participant on July 1, 2005, as a full-time employee (working 175 hours per month). She terminated employment on January 1, 2006 and is rehired on September 1, 2006 as a full-time employee. Is she immediately eligible to participate on her reentry date?

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- c. Pamela Participant was a participant, but terminated employment on June 1, 2006, with 0% vesting (her eligibility computation period was the plan year). When is the latest date Pamela has to be rehired by ABC in order to avoid losing all her pre-break service?