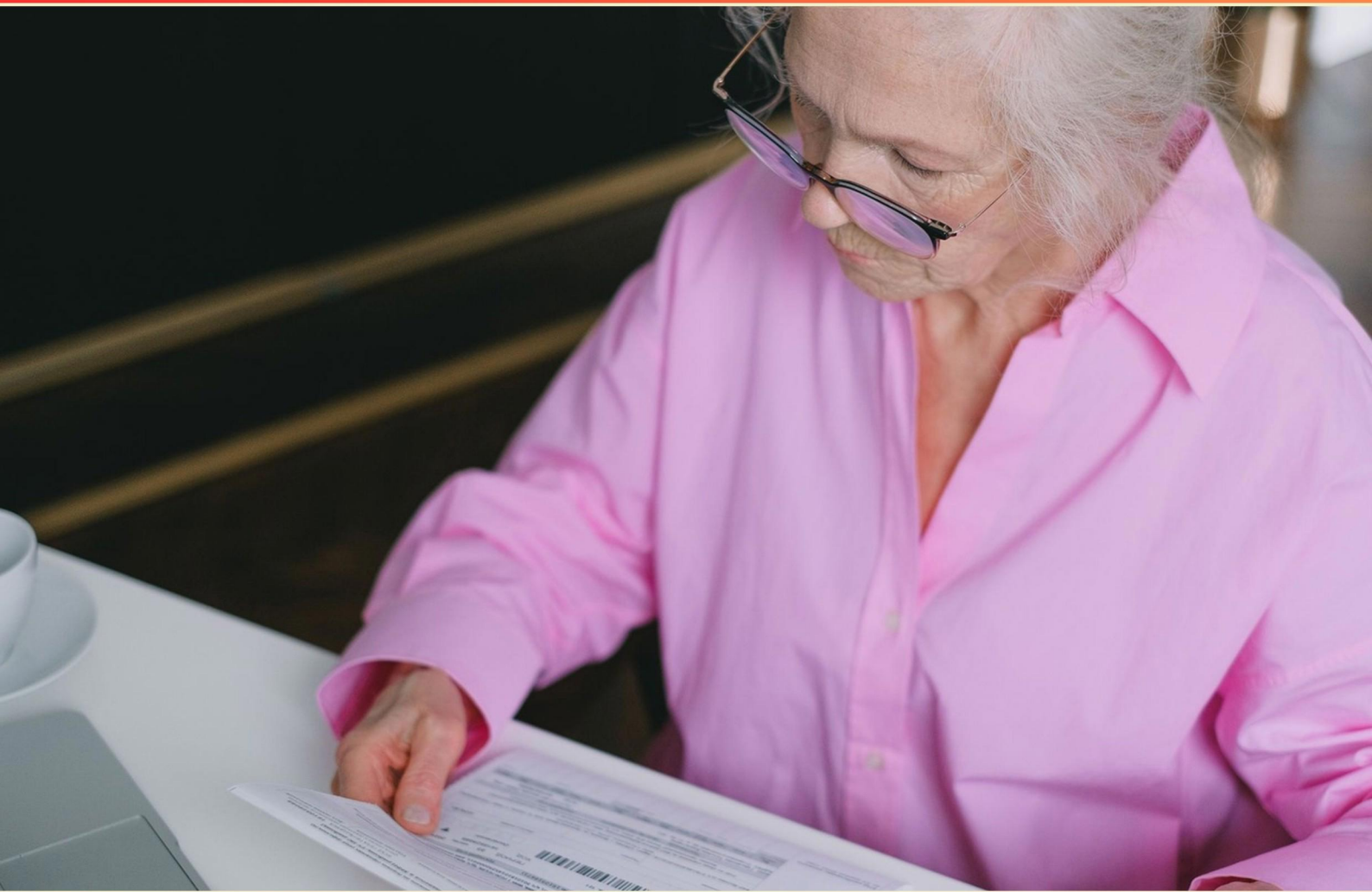


QUALIFIED 401(K) ADMINISTRATOR (QKA) 1 PRACTICE EXAM (SAMPLE)

STUDY GUIDE



**SAMPLE STUDY GUIDE
WITH LIMITED QUESTIONS**

**VISIT US ONLINE FOR
THE FULL VERSION STUDY GUIDE**

<https://qualified401kadmin1.examzify.com>



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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 – 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

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- 1. What age is typically associated with starting mandatory distributions from a 401(k) plan?**
 - A. 67 years
 - B. 62 years
 - C. 70½ years
 - D. 72 years
- 2. What type of withdrawal is specifically prohibited from being rolled over?**
 - A. Rollover contributions
 - B. Hardship distributions
 - C. In-service withdrawals
 - D. Roth contributions
- 3. Which of the following qualifies as a 401(k) distribution?**
 - A. Withdrawals made anytime
 - B. Distributions made after age 59½
 - C. Distributions made following voluntary resignation
 - D. Any withdrawal after 5 years of participation
- 4. What is the primary employment requirement for eligibility regarding elapsed time?**
 - A. Must be employed full-time with fixed hours
 - B. Only needs to be employed; hours do not count
 - C. Requires a minimum of 40 hours per week
 - D. Requires continuous employment for a specific duration
- 5. Which sources are always fully vested in retirement plans?**
 - A. Employer contributions
 - B. Elective deferrals, QMAC, QNEC, SH contributions, and rollovers
 - C. Profit-sharing contributions
 - D. Matching contributions

- 6. What are "catch-up contributions" in a 401(k) plan?**
- A. Contributions made by employers for retired employees
 - B. Additional contributions allowed for participants aged 50 or over
 - C. The maximum limit set by the IRS for 401(k) plans
 - D. Fund transfers from other retirement accounts
- 7. How are after-tax contributions characterized?**
- A. Taxed when contributed
 - B. No taxes due upon withdrawal
 - C. Taxed upon withdrawal
 - D. Unconventional funding source
- 8. What is not included in annual additions?**
- A. ER contributions
 - B. Employee after-tax contributions
 - C. Forfeitures
 - D. Health benefits contributions
- 9. Are cross-testing allocations designed based on safe harbor methods?**
- A. True
 - B. False
 - C. Only under certain conditions
 - D. Depends on the plan type
- 10. If a plan satisfies the ADP contribution requirements, does it also satisfy the QACA?**
- A. No, they are independent of each other
 - B. Yes, it satisfies QACA requirements
 - C. It depends on the type of plan
 - D. Yes, but only partially

Answers

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1. D
2. B
3. B
4. B
5. B
6. B
7. B
8. D
9. B
10. B

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Explanations

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1. What age is typically associated with starting mandatory distributions from a 401(k) plan?

- A. 67 years
- B. 62 years
- C. 70½ years
- D. 72 years**

The age that is typically associated with starting mandatory distributions from a 401(k) plan is 72 years. This is in accordance with the provisions set forth by the SECURE Act, which changed the required minimum distribution (RMD) age from 70½ to 72 for individuals who turn 70½ after December 31, 2019. As a result, individuals are required to start withdrawing a minimum amount from their retirement accounts, including 401(k) plans, once they reach this age, which ensures that the funds are distributed and taxed eventually. This requirement is essential for retirement planning because it helps ensure that individuals do not defer their taxes indefinitely, thereby facilitating appropriate tax collections by the government. The transition in regulation reflects a broader range of life expectancy, allowing individuals to keep their retirement savings growing for a longer period before being forced to withdraw funds.

2. What type of withdrawal is specifically prohibited from being rolled over?

- A. Rollover contributions
- B. Hardship distributions**
- C. In-service withdrawals
- D. Roth contributions

Hardship distributions are specifically prohibited from being rolled over because they are intended to provide immediate financial relief for participants facing certain urgent and pressing needs, such as medical expenses, purchase of a primary home, or tuition payments. The Internal Revenue Service (IRS) permits these withdrawals only under specific circumstances that demonstrate a particular financial hardship, highlighting the need for immediate access to funds rather than long-term investment purposes. The nature of hardship distributions requires that the funds be used for the specified immediate needs, so allowing these amounts to be rolled over into another retirement account would counteract the objective of providing quick access to funds for pressing financial situations. In contrast, other types of contributions, such as rollover contributions, in-service withdrawals, and Roth contributions, generally retain eligibility for rollover to other retirement accounts, as they are not tied to immediate and specific financial hardships. This distinguishes hardship distributions from other types of withdrawals that may have different regulatory frameworks governing their rollover treatment.

3. Which of the following qualifies as a 401(k) distribution?

- A. Withdrawals made anytime
- B. Distributions made after age 59½**
- C. Distributions made following voluntary resignation
- D. Any withdrawal after 5 years of participation

The correct choice is the option referring to distributions made after age 59½. This specific age is significant because the Internal Revenue Service (IRS) allows participants in a 401(k) plan to begin taking distributions without incurring an additional 10% early withdrawal penalty once they reach this age. This rule is integral to retirement planning, as it aligns with the idea that individuals should begin accessing their retirement funds when they are closer to retirement age, thus encouraging the intended use of the funds for that purpose. Additionally, regular income tax will still apply to these distributions, but avoiding the early withdrawal penalty helps maximize the participant's savings for retirement. The other options, while they may contain elements of distribution rules, do not specifically align with the established regulations for penalty-free withdrawals. For instance, withdrawals made anytime can incur penalties if taken before age 59½. Similarly, distributions made following voluntary resignation are not automatically qualified for penalty-free treatment unless they adhere to other criteria. Lastly, while any withdrawal after five years of participation may seem appealing, it does not exempt participants from penalties or taxes in the same way reaching the age of 59½ does. Thus, the age threshold is the clear marker for qualifying distributions without penalties.

4. What is the primary employment requirement for eligibility regarding elapsed time?

- A. Must be employed full-time with fixed hours
- B. Only needs to be employed; hours do not count**
- C. Requires a minimum of 40 hours per week
- D. Requires continuous employment for a specific duration

The correct answer highlights that the primary employment requirement for eligibility regarding elapsed time is that individuals only need to be employed; their specific hours do not necessarily factor into this requirement. In the context of 401(k) plans, eligibility often hinges on the duration of employment rather than the number of hours worked. This allows for greater flexibility in assessing eligibility, particularly for part-time employees or those with variable hours. The focus on employment duration rather than full-time or specific hour requirements aligns with the regulatory framework that seeks to ensure that all employees, regardless of their work schedule, have access to retirement benefits. Hence, simply being employed is sufficient for eligibility to participate in the plan. This addresses the need for inclusivity in retirement plans, allowing employees from various work patterns to benefit. Understanding this principle is essential for administering and managing retirement plans effectively, as it encourages participation from a broader employee base without imposing restrictive conditions based on hours worked.

5. Which sources are always fully vested in retirement plans?

- A. Employer contributions
- B. Elective deferrals, QMAC, QNEC, SH contributions, and rollovers**
- C. Profit-sharing contributions
- D. Matching contributions

In retirement plans, particularly under 401(k) regulations, certain contributions are automatically considered fully vested, meaning that the employee has full ownership of those funds and can take them upon resignation or retirement. Elective deferrals, Qualified Matching Contributions (QMAC), Qualified Nonelective Contributions (QNEC), Safe Harbor contributions, and rollovers fall into this fully vested category. Elective deferrals are the contributions made by the employee from their salary before taxes, and they belong entirely to the employee upon contribution without any vesting schedule. Similarly, QMACs and QNECs are designed to meet specific regulatory requirements, ensuring that employees receive these contributions without any conditions. Safe Harbor contributions are also fully vested immediately, as they are designed to encourage employee participation and provide a straightforward path for compliance with nondiscrimination testing. Understanding why the other contribution types do not share this characteristic provides clarity. For instance, employer contributions such as matching contributions and profit-sharing contributions often come with vesting schedules, which means the employee does not automatically own these funds until certain conditions are met or after a specific duration of employment. Thus, option B accurately reflects the contributions that are always fully vested in retirement plans.

6. What are "catch-up contributions" in a 401(k) plan?

- A. Contributions made by employers for retired employees
- B. Additional contributions allowed for participants aged 50 or over**
- C. The maximum limit set by the IRS for 401(k) plans
- D. Fund transfers from other retirement accounts

Catch-up contributions are additional contributions that individuals aged 50 and older are permitted to make to their 401(k) plans beyond the standard contribution limits set by the IRS. This provision is designed to help individuals who may not have been able to save enough for retirement in their earlier years the opportunity to increase their retirement savings as they approach retirement age. This feature recognizes that individuals in this age group often have the financial capability to save more, and it encourages them to boost their retirement funds. The specific catch-up contribution limit is adjusted periodically by the IRS, providing participants with a higher ceiling on their contributions to enhance their retirement security. Each of the other options does not accurately describe catch-up contributions, as they pertain either to employer contributions for retired employees, limits set by the IRS in a general sense without regard to age, or fund transfers from different accounts, which do not relate to the specific allowance for additional savings by older participants.

7. How are after-tax contributions characterized?

- A. Taxed when contributed
- B. No taxes due upon withdrawal**
- C. Taxed upon withdrawal
- D. Unconventional funding source

After-tax contributions are characterized as being taxed when contributed, which means that the individual makes these contributions to their retirement account with income that has already been taxed. This is a key aspect of after-tax contributions; unlike pre-tax contributions, where taxes are deferred until withdrawal, after-tax contributions are subject to taxation at the time of contribution. When it comes to withdrawals, the fundamental advantage of after-tax contributions is that no taxes are due upon withdrawal of the contributions themselves. Since the contributions were already taxed, the individual does not face additional tax liabilities on those original contributions when they eventually take distributions from their retirement account. However, it's important to note that any earnings on these after-tax contributions may be subject to taxes upon withdrawal, depending on the account's terms and conditions. In summary, while after-tax contributions are taxed when they are made, the absence of taxes on the withdrawal of those contributions is a significant feature, allowing for a potentially tax-advantaged way to save for retirement.

8. What is not included in annual additions?

- A. ER contributions
- B. Employee after-tax contributions
- C. Forfeitures
- D. Health benefits contributions**

The correct response identifies that health benefits contributions are not considered annual additions in the context of qualified retirement plans, such as 401(k) plans. Annual additions generally encompass contributions made to the retirement plan that increase the participant's account balance. This includes employer contributions such as matching contributions and profit-sharing, as well as employee contributions, including pre-tax and after-tax contributions. Health benefits contributions, however, are related to healthcare expenses and are not intended for retirement savings. They do not increase a participant's retirement account balance and are not classified under the annual additions limit as defined by the Internal Revenue Code. This distinction is crucial for understanding how retirement contribution limits are calculated and ensures that health-related contributions are evaluated separately from retirement plan contributions.

9. Are cross-testing allocations designed based on safe harbor methods?

- A. True
- B. False**
- C. Only under certain conditions
- D. Depends on the plan type

Cross-testing allocations are not designed based on safe harbor methods. Instead, they rely on a specific testing methodology established under the final regulations of Internal Revenue Code Section 401(a)(4). Under cross-testing, employers can demonstrate that their contributions are nondiscriminatory by using a test that assesses whether the benefits provided to highly compensated employees are proportional to those provided to non-highly compensated employees, rather than following a predetermined safe harbor formula. Safe harbor methods generally offer simpler strategies for complying with nondiscrimination requirements, allowing for certain levels of contributions to be deemed compliant without further testing. However, cross-testing is more complex, as it allows for differences in contribution rates and is typically used in profit-sharing plans, enabling a more tailored approach to meet nondiscrimination requirements. Therefore, saying that cross-testing allocations are designed based on safe harbor methods is inaccurate.

10. If a plan satisfies the ADP contribution requirements, does it also satisfy the QACA?

A. No, they are independent of each other

B. Yes, it satisfies QACA requirements

C. It depends on the type of plan

D. Yes, but only partially

Meeting the ADP (Actual Deferral Percentage) contribution requirements does indeed satisfy the QACA (Qualified Automatic Contribution Arrangement) requirements. This is because a QACA is designed to encourage higher participation rates and contributions among employees, particularly those who might otherwise opt out of participation. When a plan meets the ADP requirements, it ensures that the average deferral percentages for highly compensated employees do not exceed certain thresholds compared to non-highly compensated employees. This is crucial in maintaining compliance with nondiscrimination rules that protect lower-paid employees. Since QACAs incorporate automatic enrollment features and often default contribution rates that align closely with what is encouraged by ADP compliance, achieving ADP compliance effectively means the plan also adheres to the necessary elements of a QACA. Thus, if the plan satisfies ADP contribution requirements, it is inherently satisfying QACA requirements as well, without any additional need for qualification measures. The other choices represent scenarios that do not apply in this context. The independence of the two requirements (as suggested by the first option) does not accurately reflect the interconnectedness of compliance under the QACA regulations, which build on stimulating a balanced participation rate. The notion that it may depend on the type of plan or that it satisfies only partially does not

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

<https://qualified401kadmin1.examzify.com>

We wish you the very best on your exam journey. You've got this!

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