QUALIFIED 401(K) ADMINISTRATOR (QKA) 2 PRACTICE EXAM (SAMPLE)

STUDY GUIDE

SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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Table of Contents

Copyright 1
Table of Contents 2
Introduction 3
How to Use This Guide 4
Questions 5
Answers 8
Explanations 10
Next Steps 16

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

1. When a plan is terminating, does the termination date affect the plan year for performing coverage tests?

A. No, the coverage test is immediately voided

B. Yes, the coverage test is still performed for the ongoing plan year

C. No, testing is not needed for terminating plans

D. Yes, it ends the plan year immediately

2. Can QNECs be allocated based on whether a participant has deferred?

A. Yes

B. No

C. Only if plan rules allow

D. Depends on IRS regulations

3. True or False: QNECs associated with an employer's obligation under the Davis-Bacon Act are limited to 5% of compensation.

A. True

B. False

C. Only if prior agreements exist.

D. Only when exceeding set thresholds.

4. How many months does a plan have to refund excess contributions to HCEs to avoid the excise tax?

A. 2.5 months

B. 5 months

C. 6 months

D. 12 months

5. True or false; the Form 5500 filing deadlines are identical to those for Form 8955-SSA?

A. True

B. False; they are different deadlines

C. True; both must be filed simultaneously

D. False; Form 8955-SSA has a longer deadline

6. Which plan(s) are required to file the 5500 schedule G?

A. Small plan filers without loans

B. Large plan filers that have defaulted loans or leases or have prohibited transactions during the plan year

C. All plans regardless of loans

D. Plans with only active participants

7. Upon receiving a corrective distribution, how is it likely to affect HCEs' reported income for the year it occurs?

A. It will decrease their tax liability

B. It will increase their reported income

C. It does not affect their income

D. They can choose to defer reporting

8. Which of the following describes a demographic failure?

A. A failure due to insufficient participation of employees

B. A failure in contribution rates among employee classifications

C. A failure related to the demographic profile of NHCEs

D. A failure unrelated to coverage requirements

9. How many times must the 401(a)(4) nondiscrimination requirements be addressed for QNECs?

A. Once

B. Twice

C. Three times

D. Not at all

10. Which disclosure shows an investment chart including returns and fees?

A. 403(b) Disclosure

B. 404(a)(5) Disclosure

C. 408(b)(2) Disclosure

D. 401(k) Summary Disclosure

Answers

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

Explanations

1. When a plan is terminating, does the termination date affect the plan year for performing coverage tests?

A. No, the coverage test is immediately voided

B. Yes, the coverage test is still performed for the ongoing plan year

C. No, testing is not needed for terminating plans

D. Yes, it ends the plan year immediately

The termination date of a 401(k) plan does indeed affect how coverage tests are performed. When a plan is terminating, coverage tests are still required for the ongoing plan year. This means that even as the plan approaches its end, the testing must be completed to ensure that the plan complies with non-discrimination requirements. These tests are important because they determine whether the plan is providing sufficient coverage to a diverse group of employees rather than favoring highly compensated employees. Coverage tests are typically conducted for the entire plan year, and termination does not exempt the plan from undergoing this requirement. Therefore, the coverage test is still applicable, as it provides essential compliance data that can influence the treatment of distributions and potential penalties related to the plan's termination. The idea that testing might be voided or not needed is incorrect because ensuring compliance up until termination is crucial for satisfying regulatory obligations. Additionally, stating that termination would end the plan year immediately lacks recognition of the regulatory requirements surrounding non-discrimination testing. This testing is a significant part of maintaining the integrity of retirement plans even as they are being concluded.

2. Can QNECs be allocated based on whether a participant has deferred?

A. Yes

B. No

C. Only if plan rules allow

D. Depends on IRS regulations

QNECs, or Qualified Nonelective Contributions, are contributions made by an employer to a participant's account regardless of whether the participant has made salary deferrals. In a 401(k) plan, QNECs are intended to satisfy certain non-discrimination testing and to enhance the plan's compliance with IRS regulations. The correct understanding is that QNECs must be made on a basis that does not discriminate in favor of highly compensated employees. They are established to help support compliance with the 401(k) plan's testing requirements, and as such, they cannot be allocated based on a participant's decision to defer. This means that even if a participant does not make any salary deferrals, they still must receive QNECs if they meet the eligibility requirements specified in the plan. This is why the allocation of QNECs cannot be conditional upon whether or not the participant has deferred. Instead, the contributions need to be based on factors that apply uniformly to all eligible participants, ensuring that the plan operates fairly and meets regulatory guidelines.

3. True or False: QNECs associated with an employer's obligation under the Davis-Bacon Act are limited to 5% of compensation.

A. True

B. False

C. Only if prior agreements exist.

D. Only when exceeding set thresholds.

The statement is false because Qualified Non-Elective Contributions (QNECs) associated with an employer's obligation under the Davis-Bacon Act do not have a statutory limit of 5% of compensation. The Davis-Bacon Act requires that contractors and subcontractors pay prevailing wages on federally funded or assisted construction projects, and QNECs can be used to comply with non-discrimination requirements for 401(k) plans. Circumstances dictate the specific application and amount of QNECs rather than imposing a strict 5% cap on contributions tied to the Davis-Bacon Act. It is crucial to recognize that QNECs are designed to help ensure contributions meet various compliance standards, but the specific percentage can vary based on the plan design and related regulations, rather than being fixed at a percentage of compensation. Therefore, stating that QNECs are limited to 5% is not accurate, confirming that the correct response is indeed false.

4. How many months does a plan have to refund excess contributions to HCEs to avoid the excise tax?

A. 2.5 months

B. 5 months

C. 6 months

D. 12 months

To avoid the excise tax on excess contributions made to Highly Compensated Employees (HCEs) in a 401(k) plan, the plan must refund these excess contributions within a specific timeframe. This timeframe is set at 2.5 months after the end of the plan year in which the excess contributions were made. If the plan acts within this 2.5-month period, it can correct the excess contributions and prevent the imposition of an excise tax on the amount refunded. This provision is designed to encourage timely action and ensure that plans remain compliant with contribution limits. After this period, if the excess contributions are not returned, the plan may incur an excise tax and face additional compliance issues.

5. True or false; the Form 5500 filing deadlines are identical to those for Form 8955-SSA?

A. True

B. False; they are different deadlines

C. True; both must be filed simultaneously

D. False; Form 8955-SSA has a longer deadline

The assertion that the Form 5500 filing deadlines are identical to those for Form 8955-SSA is inaccurate. Form 5500 is used to report information regarding employee benefit plans, while Form 8955-SSA is specifically for reporting separated participants with deferred vested benefits. The filing deadline for Form 5500 is typically the last day of the seventh month after the plan year ends, with a possible six-month extension available if the appropriate request is submitted. In contrast, the Form 8955-SSA has its own specific deadline that is aligned with, but not identical to, the Form 5500 deadline. Thus, understanding that these forms serve different purposes and have distinct filing deadlines is crucial for compliance in retirement plan administration.

6. Which plan(s) are required to file the 5500 schedule G?

A. Small plan filers without loans

B. Large plan filers that have defaulted loans or leases or have prohibited transactions during the plan year

C. All plans regardless of loans

D. Plans with only active participants

The requirement to file the Schedule G of Form 5500 is specifically tied to large plans that encounter certain scenarios involving loans. When a plan is classified as a large plan, it typically has 100 or more participants at the beginning of the plan year. For these large plans, Schedule G must be included when there are defaulted loans or leases, or if there are any prohibited transactions that occurred during the plan year. This requirement serves to ensure transparency and compliance, as defaulted loans or prohibited transactions may indicate significant issues that need to be disclosed. The inclusion of this information in Schedule G helps regulators monitor the financial health and operational integrity of large plans, ensuring that they adhere to fiduciary and regulatory standards. Smaller plans, which do not have the complexities associated with being classified as large, are not subject to the same stringent reporting requirements and therefore do not need to file Schedule G unless they specifically encounter loans as described.

7. Upon receiving a corrective distribution, how is it likely to affect HCEs' reported income for the year it occurs?

A. It will decrease their tax liability

B. It will increase their reported income

C. It does not affect their income

D. They can choose to defer reporting

When highly compensated employees (HCEs) receive a corrective distribution from a qualified 401(k) plan, it typically results in an increase in their reported income for the year in which the distribution occurs. This increase happens because corrective distributions, which are made to address excess contributions that exceed the limits set forth by the Internal Revenue Service (IRS), are considered taxable income to the employees. For HCEs, these distributions are added to their taxable income for the year, which can lead to a higher tax liability as the additional income may place them in a higher tax bracket or result in additional taxes owed due to the increase in total income. Therefore, the correct choice reflects this understanding of how corrective distributions are treated under tax law, emphasizing the impact on HCEs' reported income.

8. Which of the following describes a demographic failure?

A. A failure due to insufficient participation of employees

B. A failure in contribution rates among employee classifications

C. A failure related to the demographic profile of NHCEs

D. A failure unrelated to coverage requirements

The concept of demographic failure in the context of 401(k) plans primarily pertains to how the demographic profile of non-highly compensated employees (NHCEs) affects the plan's compliance and overall effectiveness. When there is a demographic failure, it indicates that the plan does not appropriately take into account the participation or performance of NHCEs, potentially leading to discriminatory outcomes against this group. In this case, option C highlights that a demographic failure relates specifically to the demographic profile of NHCEs, which is a crucial consideration for ensuring that the plan offers equitable benefits. Plans must ensure that NHCEs are afforded the same opportunities and are not disproportionately disadvantaged when compared to highly compensated employees. Understanding this definition underscores the importance of inclusivity and fairness in retirement plan design, specifically concerning contributions and participation rates among different employee classifications. In essence, proper recognition and management of NHCE demographics is vital to maintaining compliance and achieving the intended financial well-being for all employees involved in the plan.

9. How many times must the 401(a)(4) nondiscrimination requirements be addressed for QNECs?

A. Once

B. Twice

C. Three times

D. Not at all

The 401(a)(4) nondiscrimination requirements must be addressed twice in the context of Qualified Non-Elective Contributions (QNECs). First, when QNECs are made, a plan must demonstrate that these contributions do not discriminate in favor of highly compensated employees. This is necessary to ensure that lower-paid employees also receive equitable benefits, adhering to the nondiscrimination rules set by the Internal Revenue Code. The second assessment occurs when evaluating the overall benefits provided to employees, which ensures that the entire plan, including those contributions, satisfies the nondiscrimination standards over the plan's lifecycle. This dual assessment is crucial for maintaining compliance with federal regulations and for the 401(k) plan to retain its qualified status. So, the necessity to evaluate the nondiscrimination requirements at both contribution and benefit levels is what supports the conclusion that the requirements must be addressed twice.

10. Which disclosure shows an investment chart including returns and fees?

A. 403(b) Disclosure

B. 404(a)(5) Disclosure

C. 408(b)(2) Disclosure

D. 401(k) Summary Disclosure

The 404(a)(5) Disclosure is specifically designed to provide participants in a retirement plan with information about the plan's investment options. This disclosure must include details about the returns, fees, and expenses associated with the investment choices available within the plan. It is mandated by the Department of Labor to ensure transparency, allowing participants to make informed decisions regarding their investments based on both performance and cost considerations. In addition to investment returns and fees, the 404(a)(5) Disclosure requires that information is presented in a clear and understandable format, often including charts or tables, making it easier for participants to analyze and compare different investment options. This requirement supports the overall goal of enhancing participant understanding of their plan, ultimately fostering better investment decisions and financial education regarding retirement planning. Therefore, when looking for a disclosure that includes an investment chart with returns and fees, the 404(a)(5) Disclosure is the correct choice.

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://qualified401kadmin2.examzify.com

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