# ftwilliam.com Compliance User Group Meeting #45

Presented by: Janice Herrin & Jane Nickalls

Tuesday September 12, 2017

# Agenda

- Overrides
  - Initial eligibility & entry dates
  - Continuing eligibility
  - HCE & Key determination
  - Limits
  - Vesting
- Update on Train the Trainer
- Coming Soon
- Tips of the month
- Wrap-up

# Housekeeping

- All participant phones are muted to reduce background noise
- Please submit questions/comments via the Q&A or Chat features in the WebEx meeting

# Rule of Thumb

- Only use overrides when you have no alternative – it's better to have the software do the calculations!

# Global vs. Individual Overrides

- Set global overrides for eligibility/entry dates & HCE/Key determination in the scrub parameters section
  - This indicates that the software will not calculate – dates and/or indicators need to be added for ALL participants
- Individual overrides can be used if you just need to override certain participants

# Overrides – Initial Eligibility

- Situations where you may need to use overrides for eligibility & entry dates:
  - Importing census data from other software
  - Non standard age & service rules for eligibility
  - Non standard entry dates
  - You disagree with the ftwilliam determination

# Importing Census Data

- When moving to ftwilliam.com from other software you generally want to import:
  - Eligibility & entry dates
  - Years of service
  - HCE & Key indicators
  - Account balances
- Set the global override: ‘Override initial eligibility status/entry date’ to Yes in Scrub Parameters
- Ensures you are working with the same data as on the old system

# Plans with Non Standard Eligibility Dates

- Example for age & service rules would be eligibility is met when someone reaches 1000 hours, OR works 500 hours in 6 months
  - Since census data is uploaded for the whole year there's  no way to determine when eligibility was met
  - Often can let the system calculate eligibility & then override those who are incorrect
    - E.g. in second scenario above, code as 6 months elapsed time and adjust dates for anyone not working 500 hours
    - Be careful with rehires – service spanning rules!

# Plans with Non Standard Entry Dates

- Example would be quarterly entry dates not matching plan year-end
  - E.g. non-calendar year plan 3/1 thru 2/28 with entry dates 1/1; 4/1; 7/1 & 10/1
- Need to override entry dates – software will not calculate

# Overriding Initial Eligibility

- Use * ftw Override Initial Eligibility grid
- Contains a set of five columns for each of six sources:
  - Elective deferrals
  - Match
  - Nonelective
  - Disaggregation
  - Safe Harbor Nonelective
  - Safe Harbor Match

# Overriding Initial Eligibility

| Field | How to fill it out |
|---|---|
| ED_Elig_Override | Select Yes to indicate you want to use the individual override |
| ED_Date_Met | Enter the date eligibility was met, or a future date |
| ED_Entry_Date | Enter the date the participant entered the plan, or a future date |
| Eligible_ED | Select Yes if eligible<br>Select No if not met initial eligibility |
| Eligible_ED_ Reason – | Select N/A if eligible<br>Select Init Elig if not met initial eligibility |

# Overriding Initial Eligibility

- Special note about disaggregation of otherwise excludables. The excludable population is determined by treating 'Disagg' as a source; the software calculates the following:
  - Disagg_Date_Met is the date someone would meet statutory eligibility
  - Disagg_Entry_Date is the next entry date after they meet statutory eligibility
  - Eligible_Disagg – select Yes if in the disaggregated part of the plan, i.e. if excludable

# Overriding Continuing Eligibility

- Used rarely - most common to bring in one or more participants to pass coverage for PS or Match
- Use * ftw Correct 410(b) Failure grid:

| Field | How to fill it out |
|---|---|
| Override NE Cont Elig | Select Yes to indicate you want to use the individual override |
| NE Continuing Elig | Select Yes if eligible<br>Select No if initial eligibility has been met but participation requirements (hours and/or LDR) not met<br>Select No - Excl if terminated & <500 hours |
| NonElect Reason | Select N/A if eligible<br>Select the reason if not eligible – see next slide |

# Reasons Why Not Eligible (Continuing)

- Employee Class – in an excluded class
- Opt Out – has opted out of the plan
- Term - terminated
- Term exception – terminated but meets an exception (is eligible)
- Cont Elig - does not meet the participation requirements (hours or LDR)
- NRA – non resident alien
- N/A – not applicable (is eligible)

# Overriding HCE & Key Determination

- Used rarely – the software will generally determine HCEs & keys correctly
- Be sure that current & prior year compensation are correct and that all the census fields are filled out correctly for all years:
  - Officer – Yes or No
  - Ownership Percentage
  - Family Group – A, B, C etc.
  - Family Group Relation – Principal, Spouse, Child etc.

Be sure the prior year data scrub is run

# Overriding HCE Determination

- If you do need to override HCE and/or Key determination, use the grid * ftw Override HCE Key

| Field | How to fill it out |
|---|---|
| KEY/HCE Override | Select Yes to indicate you want to use the individual override |
| HCE | Select Yes if the participant is an HCE |
| HCE Reason | Select the reason |
| HCE TP Group Curr Yr | Select Yes if the participant is in the top paid group in the current year - used the following year |

# Top Paid Group

- The first year a plan using TPG is in ftwilliam you need to indicate who was in TPG the prior year
  - Use 'Top Paid Grp Prior' column on *ftw First Year Supplemental Grid – Yes or No
  - Software will not look at prior year compensation to determine TPG
- If you don't fill out the TPG column you'll need to continue to override HCE determination each year

# Top Paid Group

- To exclude permitted classes select that option in Scrub Parameters
- Software uses ‘Employee Type’ column on the primary census to determine who is excludable – does not look at hours:
  - Options for Employee Type are:
    - Full time
    - Part time more than 17.5 hrs/wk
    - Part time less than 17.5 hrs/wk  (excludable)
    - Less than 6 months/yr (excludable)

# Overriding Key Determination

| Field | How to fill it out |
|---|---|
| KEY/HCE Override | Select Yes to indicate you want to use the individual override |
| KEY Employee | Select Yes if a key employee in current year |
| KEY Employee Reason | Enter reason key in current year |
| KEY EE Determ Date | Select Yes if the participant was key as of the determination date |
| KEY Employee Reason | Enter reason key as of determination date |
| KEY EE Prior Yr | Was the participant key in a prior year, i.e. may now be a former key |

# Overriding Limits

- The following limits can be overridden on the scrub parameters screen – used rarely:
  - Compensation Limit
  - Deferral Limit
  - Catchup Limit
  - 415 Dollar Limit
  - FICA Limit
  - TH Officer Limit
  - TH 1% Owner Limit
  - HCE Compensation Limit

# Vesting Calculations

- Vesting is determined by:
  - The vesting schedule used by the plan – entered on the source setup screen
  - The number of vesting years of service attributed to the participant
- Computation period must be 12 consecutive months
  - Can be plan year,  calendar year or anniversary of employment date – plan year is most common
- Hours or elapsed time can be used

# Vesting with the ftw software

- It’s vital to get prior years of service for vesting correct the first year that the plan is in ftw
- If vesting is incorrect in a later year, go back to year one and correct ‘Prior YOS Vesting’
- Vesting for prior year terms will revert to zero if they are inside the census grid
  - Either re-upload the census file without them, or use the individual vesting override
  - **### We recommend below the grid after year 1 in ftwilliam.com ###**

# Overriding Vesting

- The individual vesting override will hard code the vesting % - okay if 100% but not otherwise, unless terminated
- Use this override for terminated participants whose non-vested balance has been forfeited
- Access from participant screen – select the participant from the drop-down on the Edit Census screen and click the vesting override link

# Update on Train the Trainer

- Note went out to master users on September 11
- Three training sessions held this year – anyone attending two of the three is eligible to be a designated trainer
  - August 24 – Basic Training
  - September 21 – Testing
  - September 26 – Troubleshooting
- Requests to add someone as a designated trainer must come from the master user

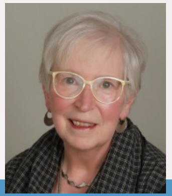
# Coming Soon

- We plan to release the following updates before 12/31/2017:
  - Our first custom reports – will be available for Beta testing very soon:
    - 402(g) excess
    - HCE Next Year
    - Top Heavy Minimums
    - RMD Notice
    - Catchup & Excess Report
  - Payroll period data accumulator
  - Distribution processing module

# Tips of the Month from Janice

- Participants who terminated in a prior year (‘P-terms’) should be listed below the census grid - do not include them on the current census upload
  - Exception is year 1 in ftw
- 5500 participant count – data scrub AND a transaction report must be run for this to be correct
- If a vendor upload says the import ID code/contract number does not match, look for spaces before or after the number, in plan specs and on the upload file

# Tips of the Month from Jane



- If you discover that someone on the census has an incorrect SSN, correct it on the Edit Census screen
  - If you don't, and you upload a census, or transaction file with a different SSN, the software will create a duplicate record
  - Need to merge the two records – see the Miscellaneous section of the Help Center for instructions
- Use the new 'System' grids (starting * ftw) rather than the old 'Sample' grids – these are better organized and more efficient

# Wrap-Up

- No October meeting due to the 5500 deadline
- Two more meetings in 2017
  - Tuesday November 7 – RMD functionality
  - Tuesday December 5 – end of year reminders
  - Let us know if there are other topics you would like us to cover, and your ideas for future agenda items, via chat now, or at support@ftwilliam.com
- Thank you for attending!