ftwilliam.com Compliance User Group Meeting

Tuesday December 6, 2016

Agenda

* Calculating required minimum distributions
* Cost basis
* Recent enhancements:
  * Changes to source setup
  * Additions to the Top Heavy Test report
  * Changes to the eligibility logic
* Open forum

Required Minimum Distributions

RMD Rules Refresher
RMD Functionality
Calculating RBDs & RMDs
Overrides
Printing reports
FAQs

RMD Rules Refresher

- Participants must begin taking required minimum distributions when they reach the age of 70½
- Required Beginning Date is April 1 following the later of the calendar year in which a participant:
  - Reaches age 70½, or
  - Retires – this does not apply to 5% owners
- Second distribution must be taken by December 31 of the same year

RMD Rules Refresher

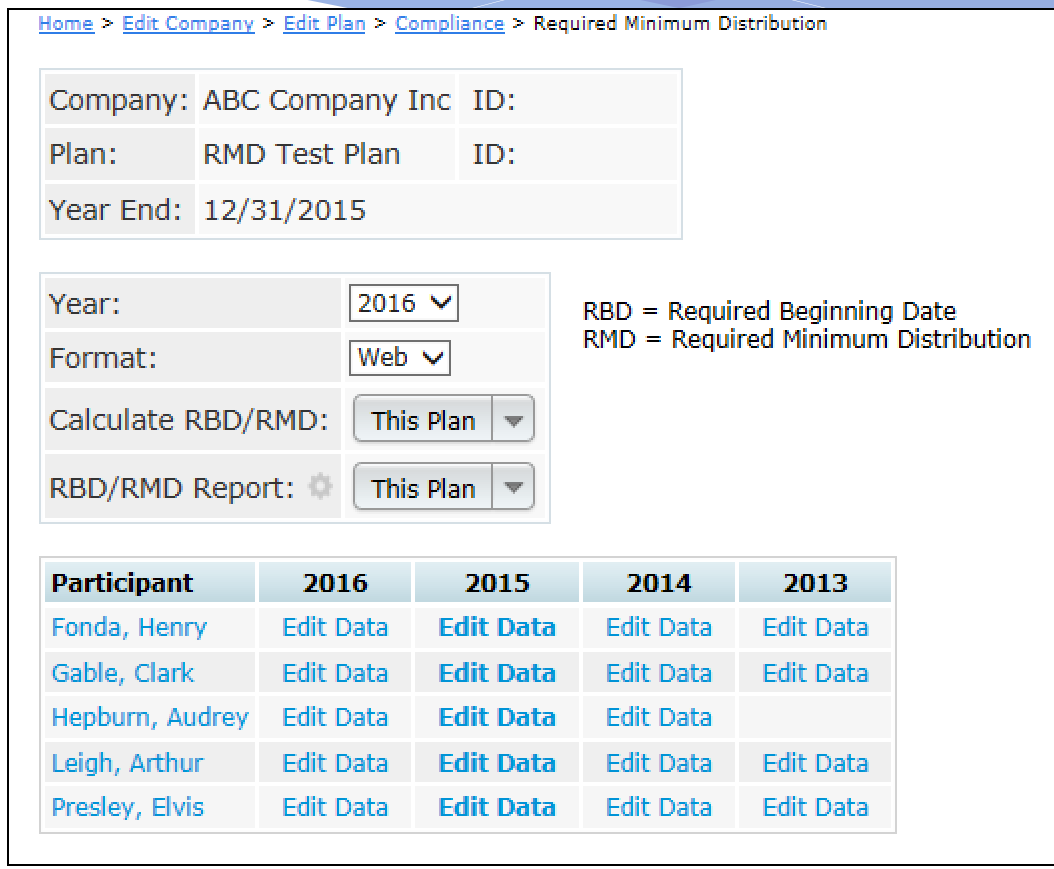
* Amount of required distribution is the account balance at the end of the previous year divided by life expectancy
  * Uniform Lifetime Table used in most cases
  * Joint Life and Last Survivor Expectancy Table – if spouse is the sole beneficiary and is more than 10 years younger
  * Beneficiaries use Single Life Table
* Potential penalty for not taking the distribution is 50% of the amount

RMD Functionality

* Software will calculate required beginning dates and required minimum distribution amounts
* Need census data AND transactions added & posted
* Data scrub and statements (or one of the vesting reports) must be run
* Global or plan by plan options

RMD Menu

- Screen will list all ppts who are 70.5 at PYE
- Select year and report type – web page or CSV
- First calculate, then run reports



Home > Edit Company > Edit Plan > Compliance > Required Minimum Distribution

Company:	ABC Company Inc	ID:	
Plan:	RMD Test Plan	ID:	
Year End:	12/31/2015		

Year:	2016
Format:	Web
Calculate RBD/RMD:	This Plan
RBD/RMD Report:	This Plan

RBD = Required Beginning Date
RMD = Required Minimum Distribution

Participant	2016	2015	2014	2013
Fonda, Henry	Edit Data	**Edit Data**	Edit Data	Edit Data
Gable, Clark	Edit Data	**Edit Data**	Edit Data	Edit Data
Hepburn, Audrey	Edit Data	**Edit Data**	Edit Data	
Leigh, Arthur	Edit Data	**Edit Data**	Edit Data	Edit Data
Presley, Elvis	Edit Data	**Edit Data**	Edit Data	Edit Data

Overrides

* Click on the participant’s name to override participant data including which life expectancy table to use
* Click on the ‘Edit Data’ link to override distribution information including the end of prior year account balance & RMD Factor

Calculating RBDs & RMDs

RBD/RMD Calculations

Calendar Year:	12/31/2016

Required Beginning Date Errors

Participant Name	ERROR
RMD Test Plan - 12/31/2015	
Hepburn, Audrey	Invalid designated beneficiary birthdate:
Leigh, Arthur	Invalid designated beneficiary birthdate:

Required Minimum Distribution Errors

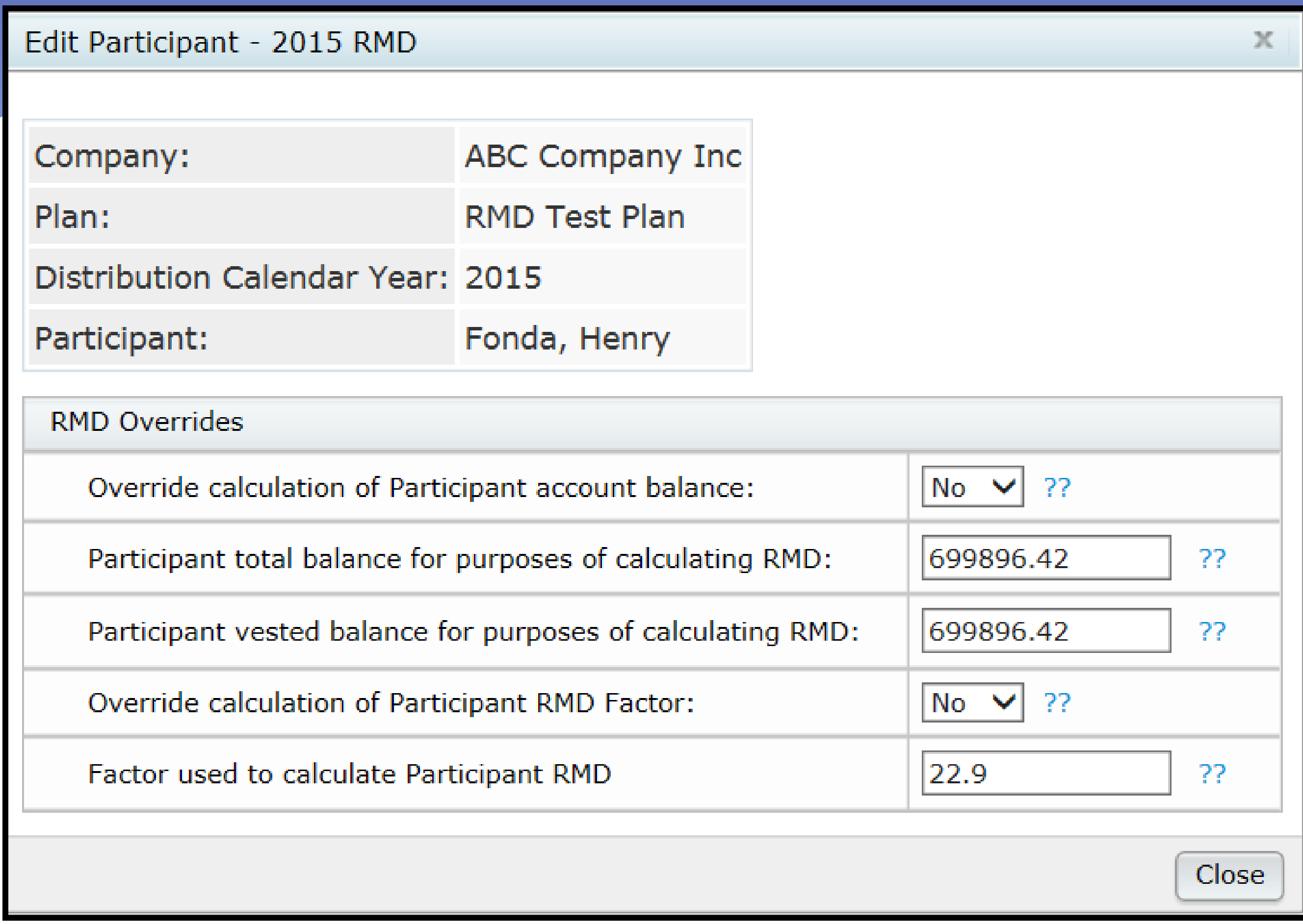
Plan Name	Participant Name	ERROR
RMD Test Plan,	Presley, Elvis	Zero balance as of 2015-12-31

Close

Review error lists

* Most common RBD error is a beneficiary DOB that's invalid or missing
* Most common RMD error is zero balance

Overrides



Edit Participant - 2015 RMD

Company:	ABC Company Inc
Plan:	RMD Test Plan
Distribution Calendar Year:	2015
Participant:	Fonda, Henry

RMD Overrides

Override calculation of Participant account balance:	No	??
Participant total balance for purposes of calculating RMD:	699896.42	??
Participant vested balance for purposes of calculating RMD:	699896.42	??
Override calculation of Participant RMD Factor:	No	??
Factor used to calculate Participant RMD	22.9	??

Close

- Need to indicate Yes to override and enter amount or factor

Print Report

* Once you have run the RBD and RMD calculations you can print the reports
* Reports are available as a web page, or a CSV file
  * Web page can be pasted into Word – landscape orientation works best

RBD & RMD Reports

RBD/RMD Reports

Calendar Year: 12/31/2016

Required Beginning Date Report

Participant Name	SSN	Status	Override	70-1/2 Date	Death Date	5% Owner	Non 5% Term Date	Desig Ben Birth Date	1st Distribution Cal Year	Required Beg Date	Life Tables
RMD Test Plan											
Presley, Elvis	111-11-1125	Term	Yes	08/08/2009		No	02/19/2013	07/31/1954	2013	04/01/2014	Joint and Last Survivor Table
Leigh, Arthur	222-22-2222	Active	No	11/05/2003		Yes			2003	04/01/2004	Uniform Lifetime Table

Required Minimum Distribution Report

Participant Name	SSN	Status	Bal Yr End	Balance O/R	Tot Bal	Vest Bal	Factor O/R	Factor	Required Min Dist
RMD Test Plan									
Presley, Elvis	111-11-1125	Term	2015-12-31	No	0.00	0.00	No	24.7	0.00
Leigh, Arthur	222-22-2222	Active	2015-12-31	No	830,177.99	830,177.99	No	16.3	50,931.17
Hepburn, Audrey	111-11-1120	Term	2015-12-31	No	657,886.47	657,886.47	No	24.7	26,635.08
Gable, Clark	111-11-1118	Term	2015-12-31	No	1,209,513.02	1,209,513.02	No	20.2	59,876.88

Close

FAQs on RMDs

- How can I get the software to calculate an RMD for a non-owner who is not terminated?
  - If there's no RBD, the edit data link will not be available – the participant may still take a distribution but it's not an RMD

Cost Basis for Distributions

* Hardship distributions – track historical contribution data on participant screens – select ‘Contribution History’
  * Includes all contributions since the plan was on ftwilliam.com – feeds from posted contribution transactions
  * Upload history prior to that using the history upload option from the Tools/Settings menu

Contribution History

* Accessed from participant screens – select View History then Contrib/Dist History
* Feeds from posted transactions, NOT from census

Contribution/Distribution - History

Plan: **My Company JN 2013 Demo Plan**
Name: **Vivien Leigh**
SSN: **111-11-1123**

Close

Refresh the Grid | Download Spreadsheet

	Comp Period Year...	Type	Source	Amount	Processed
1	2013-12-31	Dist	PS	-20000.00	2013-12-31
2	2013-12-31	Contrib	401K	22000.00	2013-12-31
3	2014-12-31	Contrib	401K	22500.00	2014-12-31
4	2015-12-31	Contrib	401K	22500.00	2015-12-31

Close

Cost Basis for Distributions

- Roth distributions – what is taxable & non-taxable
  - Rollover dollars are separated by source
  - Track contributions using the ‘Roth Clock’ field – indicate the first year Roth contributions were made using this field
  - * ftw Roth & Roth Rollover grid can be used for both the above

Recent Enhancements

Changes to source setup
Additions to the Top Heavy Test report
Changes to the eligibility logic

Changes to Source Setup

- New edit check & message will alert users to click the ‘Add Default Sources’ link if they try to manually add a source with an ID that matches one of the ftw SourceIDs
  - Manually added sources do not accept contributions
  - Check plan specifications if clicking the link does not add the source
- The above checks will prevent users from adding duplicate sources

Default Sources

Add Default Sources

Source Setup Screen

Add Default Sources

When adding sources requiring contributions, be sure to use the "Add Default Sources" link.

If you are attempting to add a default source and it does not appear when selecting the link, check your Plan Specifications > General Features > Contribution Sources and Plan Specifications > Contribution for each contribution source to be sure you have set up the source correctly.

Manually added sources do not allow contributions. For this reason, you will need to select a SourceID that does not match an existing ftw SourceID.

The following SourceIDs are the ftw SourceIDs used by the Compliance Module:

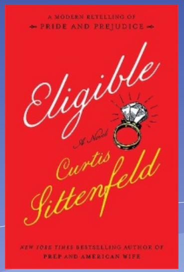
401K	MATCHQACA	PENSIONCBA	QMAC	ROLLROTHTAX
403B	MATCHSH	PENSIONDAVBAC	QNEC	ROLLUNREL
AFTERTAX	NONELCTQACA	PS	QNECDAVBAC	ROTH
MATCH	NONELECSH	PSCBA	ROLLREL	
MATCH100	PENSION	PSDAVBAC	ROLLROTHNT	

OK

Top Heavy Test Report

* Now includes two fields for officer information:
  * **Officer** column – indicates whether the person is an officer – from the census
  * **TH Officer** column indicates whether the person meets the other requirements to be a key employee as well as being an officer - this is computed by the system

Changes to Eligibility Logic



* Eligibility dates will no longer recalculate
* New tool to recalculate eligibility
* New service history record
* Change with ‘preceding’ entry dates

Dates will not Recalculate

- Once an entry date has been calculated or uploaded it will no longer automatically recalculate if something changes unless the new tool or individual overrides are used.
- New option under Tools/Settings
  - New tool is - 'Initial Elig Recalculate Yes No Upload
  - Allows the user to recalculate for selected participants and sources, or for everyone & all sources

New tool to recalculate eligibility

* To recalculate for everyone select that option on the screen
  * Re-calcs eligibility based on current specs for all ppts & all sources
* To select certain participants download the worksheet, indicate which participants to recalculate, and which sources, save as a .csv file then upload the file.
* Run the scrub

New tool to recalculate eligibility

* The default is No and the file only needs to contain the ppts who should be recalc.
* Once the scrub is run the fields will reset to no.
* Using individual eligibility overrides is still an option
  * The new tool does not recalc if the individual overrides are set to YES.

New Service History Record

* Stores hours worked in the first plan year, AND in the first employment year
* Leads to greater accuracy in calculating eligibility for new employees working more than 1000 hours in <u>plan year one</u> but fewer than 1000 hours in <u>plan year two</u>.

New Service History Record

* Example:
  * Bob has a DOH =5/1/2015;
  * Plan year 1/1/2015-12/31/2015 hours=1500;
  * Plan year 1/1/2016 – 12/31/ 2016 hours =760
  * Rescrub 2015 to create new record.
    * Also rescrub 2016 for eligibility to be correct.

Preceding Entry Dates

* Entry date options for employer contributions include:
  * Coincident with or next following
  * Next following
  * Coincident with or immediately preceding
  * Immediately preceding
  * Nearest to
* Entry date will no longer be calculated for terminated prior to attaining the service requirement

Tip of the Month

* Any plans with a year-end added in the short window of time ending November 18 may need two default settings changed:
  * Transactions to use when calculating participant balances for top heavy test switched to ending balance only
  * Autosolve skip option switched to yes for all groups in general test – on allocation parameters screen
* Please check these parameters before running the tests
* Note with more detail went out November 18

Open Forum

* Next User Group meeting – Tuesday, January 10, 2017
* Software refresher webinar on February 2 – no February user group meeting
* Ideas for future agenda items?
* Questions, thoughts, suggestions…..
* Happy Holidays and thank you for attending!