ftwilliam.com Compliance User Group Meeting

Tuesday December 5, 2017

Agenda

- ▶ Required Minimum Distributions
- ▶ Recent enhancements - payroll feature
- ▶ Tips of the month
- ▶ Upcoming Webinars
- ▶ Open forum

Required Minimum Distributions

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

Examples – Non Owners

- Henri was born on February 8, 1947
    - He turned 70.5 on August 8, 2017; he's already retired
    - RBD is April 1, 2018
    - Next distribution due by December 31, 2018
- Victoria was born in 1945; she retired on October 16, 2017
    - RBD is April 1, 2018
    - Next distribution due by December 31, 2018

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 distribution amount

RMD Functionality

- The ftwilliam.com 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 are available

RMD Menu
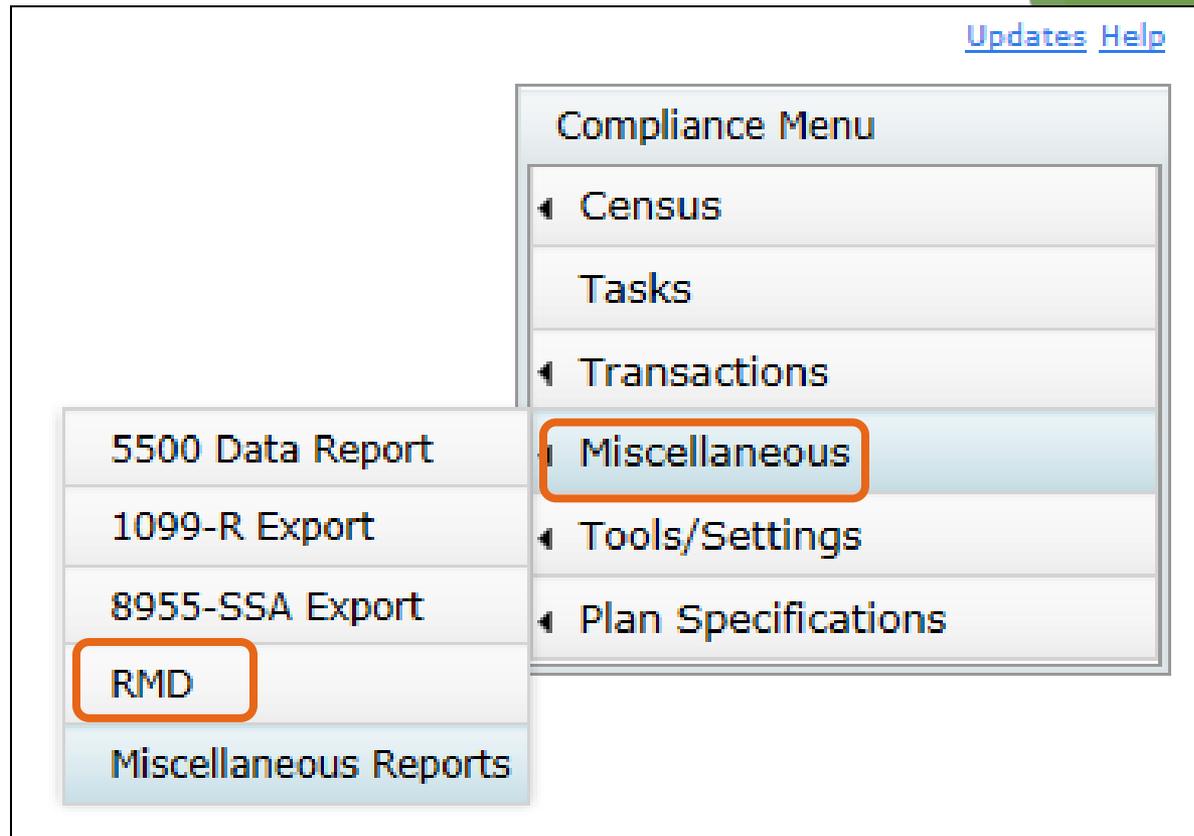
- Select RMD from the Miscellaneous section of the Compliance Menu
- Screen will list all ppts who are 70.5 at PYE

RMD Menu

- ▶ Select distribution year and report type – web page or CSV

- ▶ Select This Plan or All Plans

- ▶ First calculate, then run reports

Overriding Participant Data

▶ Click on the participant's name to override participant data including the required beginning date, ownership information and which life expectancy table to use

Overriding Financial Data

▶ Click on the 'Edit Data' link to override distribution information including the end of prior year account balance & RMD Factor

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

Calculating RBDs & RMDs

Review error lists

▶ Most common RBD error is a beneficiary DOB that's invalid or missing

▶ Most common RMD error is zero balance

RBD/RMD Calculations   x

Calendar Year: 12/31/2017

Required Beginning Date Errors

Participant Name	ERROR
RMD Test Plan - 12/31/2016	
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 2016-12-31

Close

Print Report

- ▶ Once you have run the RBD and RMD calculations you can print the reports

- ▶ Plan level report is available as a web page, or a CSV file – select format on from Format drop-down on main RMD screen

- ▶ Participant Notice – new this year

Plan Level RBD & RMD Reports

▶ Currently available as web page or CSV file

> ▶ Web page can be copied & pasted into Word – landscape orientation works best

RBD/RMD Reports

Calendar Year: 12/31/2017

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

Required Minimum Distribution Report

Presley, Elvis	111-11-1125	Term	2016-12-31	No			No	23.8	0.00
Leigh, Arthur	222-22-2222	Active	2016-12-31	No	836,279.81	836,279.81	No	15.5	53,953.54
Hepburn, Audrey	111-11-1120	Term	2016-12-31	No	662,993.15	662,993.15	No	23.8	27,856.86
Gable, Clark	111-11-1118	Term	2016-12-31	No	1,217,812.59	1,217,812.59	No	19.4	62,773.84
Fonda, Henry	111-11-1117	Active	2016-12-31	No	768,725.70	768,725.70	No	21.2	36,260.65

Close

Participant Notice

- Designed for plan sponsor to give to affected participants

  - Generates for anyone required to take a distribution

- Includes information on current & estimated future distribution amounts

- Available in Word, PDF, or Excel, or in customizable format

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

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FAQs on RMDs

- I have ending balances added on the transaction menu; why are the RMD amounts not calculating?

  - RMD amounts are calculated based on all transactions, just like the financial reports & participant statements. If you add a beginning balance batch and run one of the financial reports, the RMDs should calculate.

FAQs on RMDs

- Is there a way to run a report showing participants across all plans requiring an RMD?

  - Yes, designated Admins will see the All Plans option as well as This Plan on the main RMD screen in any plan

  - Remember that the data scrub AND one of the financial or vesting reports both need to be run for each plan for the report to be accurate

  - See Tip of the Month

Recent Enhancements, Tips of the Month & Upcoming Webinars

Recent Enhancements

- Payroll Data Accumulator
  - On the Transaction Menu
  - Offers the options to:
    - Upload payrolls
    - Total and compare hours and compensation from payrolls to the hours and compensations in the census
    - Push total hours and compensation from uploaded payrolls to the census
    - Create contribution batches from payrolls

Recent Enhancements

- **Payroll Data Accumulator**
  - Demo
  - Tips for using initial release
    - Accumulate Annual amounts
    - Accumulate Plan Comp for mid year new entrant
    - Discuss match calculation

Tip of the Month #1

▶ Review the dates in the General Features section of Plan Specifications

  ▶ Check that all three date fields are correctly populated:

    ▶ Plan Year Begin Date

    ▶ Plan Year End

    ▶ Original Effective Date

Tip of the Month #2

- If you want to run the RMD report across all plans, first do the following:

  - Go to Tools/Settings=>Workflow to see the Workflow grid. This lists all plans on your account with the latest year-end added and you can see whether the scrub has been run

  - Go to Miscellaneous=>Miscellaneous Reports and select one of the Vesting Export reports for all plans – this calculates vesting

    - Only designated admins have the options to run global reports

Tip of the Month #3

- Sending out a census request without hire dates
    - When you use the 'Download Prior' link to download a census worksheet, the hire and termination dates are not included
    - They do not need to be re-uploaded, because they are already in the system
    - You can add the field: M:EarliestHireDate to the census grid – this is the original hire date and does not change. We don't recommend this!

Upcoming Webinars

- Wednesday December 6 at 1:00 PM CT John Hancock – importing transaction files

- Thursday December 7 at 10:30 AM CT Empower – importing transaction files

- Thursday December 7 at 1:00 PM CT DC Updates – get the latest industry updates from Sarah Simoneaux

Wrap-up

- Next User Group meeting – Tuesday, January 9, 2018

- Software refresher webinar in late January or early February – likely will not have February user group meeting

- Ideas for future agenda items? Questions, thoughts, suggestions…..

- Happy Holidays and thank you for attending!