ftwilliam.com Administration Software User Group Meeting

Meeting #5 - February 5, 2013

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Agenda

- ADP/ACP testing
  - Setting parameters
  - Troubleshooting
- Tips for testing with the ftwilliam.com software
- New enhancements released
  - Vesting overrides
  - Vested balance calculations
- Open forum

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Teaching grandmother to suck eggs

Review the tests and define a highly compensated employee

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Highly Compensated Employees

- More than 5% owner in determination year or look-back year
  - Family members of 5% owners also considered HCE
- Received compensation in excess of threshold in the look-back year
  - Threshold for 2012 & 2013 is $115,000

Using Top 20% Election

- Top paid group is the highest paid 20% of nonexcludable employees – the following may be excluded:
  - Less than six months of service
  - Scheduled to work less than 17½ hours per week, or less than six months per year
  - Aged under 21
  - Employees in a collective bargaining unit
  - Non-resident aliens with no U.S.-source income
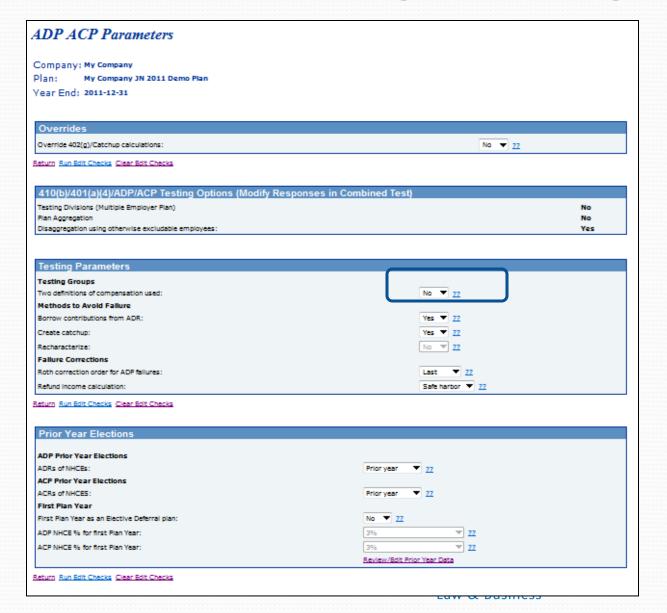- Number is rounded up

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The ADP & ACP Tests

- ADP test compares average deferral rate for HCEs to Non-HCEs
  - Pre-tax & Roth deferrals considered
- ADP of HCEs may not be more than:
  - NHCE ADP x 1.25 or + 2 percentage points and x 2
  - Rule of Thumb:
    - NHCE ADP is 2% or less – times 2
    - NHCE ADP is 2% to 8% - plus 2
    - NHCE ADP is more than 8% - times 1.25
- ACP test uses match & after-tax deferrals

Setting Parameters & Troubleshooting

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ADP/ACP Testing – Setting Parameters

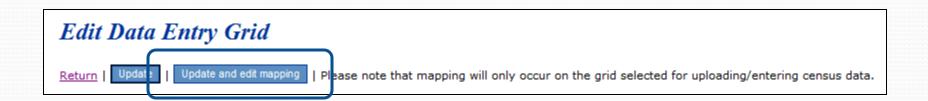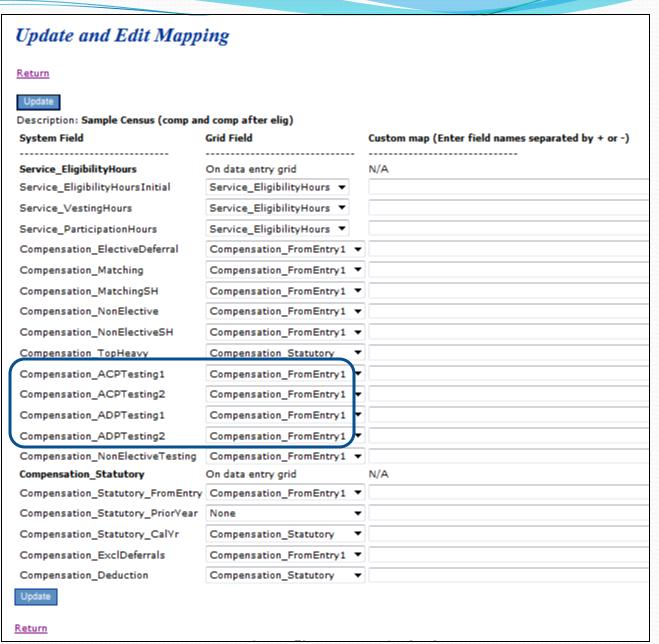# ADP/ACP Testing – Setting Parameters

- Using two definitions of compensation
  - What compensation do you want to use?
  - Set on census grid
  - Check mapping

Edit Data Entry Grid

Return | Update | Update and edit mapping | Please note that mapping will only occur on the grid selected for uploading/entering census data.

Check grid mapping

Update and Edit Mapping

Update

Description: **Sample Census (comp and comp after elig)**

System Field	Grid Field	Custom map (Enter field names separated by + or -)
Service_EligibilityHours	On data entry grid	N/A
Service_EligibilityHoursInitial	Service_EligibilityHours ▼	
Service_VestingHours	Service_EligibilityHours ▼	
Service_ParticipationHours	Service_EligibilityHours ▼	
Compensation_ElectiveDeferral	Compensation_FromEntry1 ▼	
Compensation_Matching	Compensation_FromEntry1 ▼	
Compensation_MatchingSH	Compensation_FromEntry1 ▼	
Compensation_NonElective	Compensation_FromEntry1 ▼	
Compensation_NonElectiveSH	Compensation_FromEntry1 ▼	
Compensation_TopHeavy	Compensation_Statutory ▼	
Compensation_ACPTesting1	Compensation_FromEntry1 ▼	
Compensation_ACPTesting2	Compensation_FromEntry1 ▼	
Compensation_ADPTesting1	Compensation_FromEntry1 ▼	
Compensation_ADPTesting2	Compensation_FromEntry1 ▼	
Compensation_NonElectiveTesting	Compensation_FromEntry1 ▼	
Compensation_Statutory	On data entry grid	N/A
Compensation_Statutory_FromEntry	Compensation_FromEntry1 ▼	
Compensation_Statutory_PriorYear	None ▼	
Compensation_Statutory_CalYr	Compensation_Statutory ▼	
Compensation_ExclDeferrals	Compensation_FromEntry1 ▼	
Compensation_Deduction	Compensation_Statutory ▼	

Update

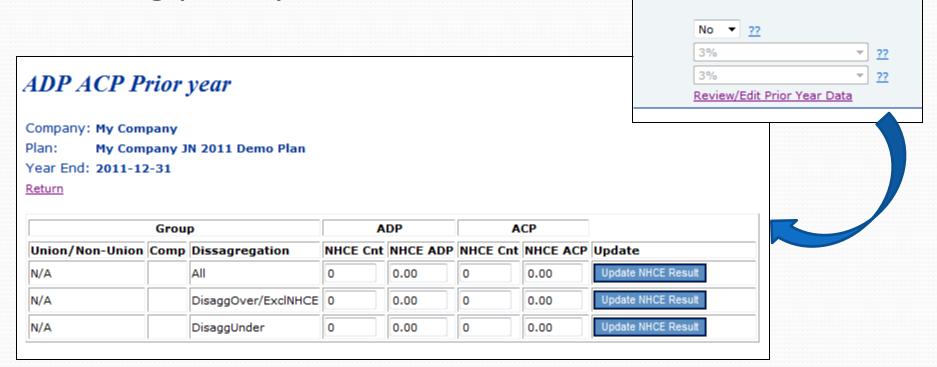# ADP/ACP Testing – Setting Parameters

- Methods to avoid failure
  - Borrow contributions from ADR – defaults to Yes
  - Create catch-up – defaults to Yes
- Failure corrections
  - Roth correction order for ADP failures
  - Refund income calculation

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ADP/ACP Testing – Setting Parameters

- Prior year elections
  - Need to add in first year using ftw software
    - If using disaggregation need to enter all three results

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ADP/ACP Testing – Setting Parameters

- Using prior year NHCE data

ADP ACP Prior year

Company: **My Company**
Plan: **My Company JN 2011 Demo Plan**
Year End: **2011-12-31**
Return

Group			ADP		ACP		Update
Union/Non-Union	Comp	Dissagregation	NHCE Cnt	NHCE ADP	NHCE Cnt	NHCE ACP	
N/A		All	0	0.00	0	0.00	Update NHCE Result
N/A		DisaggOver/ExclNHCE	0	0.00	0	0.00	Update NHCE Result
N/A		DisaggUnder	0	0.00	0	0.00	Update NHCE Result

Prior year ??
Prior year ??
No ??
3% ??
3% ??
Review/Edit Prior Year Data

Results Screen

ADP/ACP Testing Results

Group		ADP					ACP						
Union/Non-Union	Disaggregation	NHCE Cnt	NHCE ADP	MAX	HCE ADP	ADP Result	NHCE Cnt	ACP Orig	From ADP	ADJ NHCE ACP	ADJ MAX	HCE ACP	ACP Result
N/A	DisaggOver	10	4.84	6.84	8.58	FAIL	9	1.92	0.00	1.92	3.84	3.50	PASS
N/A	DisaggUnder	0	0.00	0.00	0.00	PASS	0	0.00	0.00	0.00	0.00	0.00	PASS
N/A	ExclNHCE	10	4.84	6.84	8.58	FAIL	9	1.92	0.00	1.92	3.84	3.50	PASS

- When using disaggregation:
  - DisaggOver - shows the test results for the group who are not excludable
  - DisaggUnder - shows the test results for the group who do not meet statutory eligibility
  - ExclNHCE - shows the results excluding only the NHCEs not meeting statutory eligibility from the test.

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ADP/ACP Testing - Troubleshooting

- QNEC option not available
  - Need to allocate to NHCE only if pro-rata
- QNEC allocation different from test correction screen
  - Estimate only on correction screen
  - When allocated will comply with plan specifications

ADP/ACP Testing - Troubleshooting

- Problem with disaggregation
  - May need to check dates eligibility for disaggregation is met
- Match not included in test
  - Allocation parameters must be set before scrub is run – important when uploading match
  - Match compensation need to be populated

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16

Tips for testing with the ftwilliam.com software

New enhancements just released

New Features

- New Vesting Percentage Override Screen

  - Quickly override the vesting percentage for prior year terms!

- New Vesting Service Overrides

  - Now users will have the ability to override years of vesting service! The software calculates the vesting percentage based on the years of vesting service.

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New Features

- New Vesting Export Report
  - This report shows data that is used to calculate a participant's vested account balance. This report can also be used to upload vesting percentages to the asset custodians.

- Enhanced Calculation of Vested Balance
  - Vested balance = [(End bal + prior dist+ current yr dist + current yr forfs) * vesting percent] - prior dist - current yr dist

Open Forum

- Next meeting – Tuesday, March 5, 2013
- Ideas for future agenda items?
- Questions, ideas, suggestions…..
- Thank you for attending!

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