ftwilliam.com Compliance Module User Group Meeting

TUESDAY
MAY 1, 2018

Agenda

- Excluding a class of employees
- Continuing eligibility
- Troubleshooting transaction uploads
- Tips of the month
- Wrap-up

EXCLUDING A CLASS OF EMPLOYEES

Background

- Any exclusion must satisfy IRS Code section 401(a)
  - Plan document must specify the exclusion
  - Exclusion has to be based on a legitimate business reason
    - Can’t exclude those with red hair or aged under 30
  - Examples of legitimate exclusions might be a particular division, ER doctors, interns

Coding Plan Specifications

- In the Eligibility section of Plan Specifications, under Exclusions- Other, enter a code for each applicable source – up to six digits, no spaces
- Multiple exclusions can be used - separate different codes with a semi-colon
  - In the example below those coded ‘TEMP’ would be excluded from all contributions; ‘INTERN’ would be allowed to defer but excluded from match & nonelective

Exclusions - Other	
Exclude other Employees from definition of Eligible Employee (any exclusion must satisfy Code section 401(a)):	Yes / No
If "Yes", enter code for Elective Deferrals:	TEMP
If "Yes", enter code for Match:	TEMP;INTERN
If "Yes", enter code for Nonelectives:	TEMP;INTERN
An Employee may irrevocably elect not to participate in the Plan:	Yes / No

Census Data

- Excluded individuals are coded as ‘Other’ in the Employee Class column on the primary census grid
- Add the supplemental grid ‘* ftw Exclude by Class’ on the Other Imports/Exports/Reports screen
  - Employee Class will pull from the primary grid
  - Enter the applicable class code in the EE Class Code column for the excluded individuals

Census Data

- Employee Class will pull from the primary census

Grid: * ftw Exclude by Class (ID: c680e59)

Grid Data: Download | Upload

Black, Nancy | Edit | Remove From Census

SSN: Last Name: First Name: | Add New

	Last Name	First Name	SSN	EE Class	EE Class Code
	Help	Help	Help	Help	Help
14	Purple	Laura	111-11-1121	Other	INTERN
15	Red	Alice	111-11-1112	Normal	
16	Steele	Lucy	111-11-1130	Other	TEMP
17	Taupe	William	111-11-1122	Normal	
18	Wickham	George	111-11-1125	Normal	
19	Yellow	Lisa	111-11-1120	Normal	
	Totals:				

Running the Scrub

- Eligibility & entry dates are calculated for excluded individuals as if they were eligible
- The dates show on the Eligibility report, but status is ‘Exclude by Class’
  - Anyone not meeting eligibility is reflected as such
- Those excluded by class are pulled into the coverage test as not excludable and not benefitting

Eligibility Report

Coded as 'INTERN'

Coded as 'TEMP'

Purple, Laura					Compensation: $75,000.00						
09/25/1986	04/07/2015	Other	1,000	Active	401(k):	No	04/07/2015	01/01/2016	No	Yes	N/A
					Match:	No	04/07/2015	01/01/2016	No	No	Employee Class
					NonElec:	No	04/07/2015	01/01/2016	No	No	Employee Class
Red, Alice					Compensation: $75,000.00						
03/08/1985	01/10/2014	Normal	1,000	Active	401(k):	No	01/10/2014	01/01/2016	No	Yes	N/A
					Match:	No	01/10/2014	01/01/2016	No	Yes	N/A
					NonElec:	No	01/10/2014	01/01/2016	No	Yes	N/A
Steele, Lucy					Compensation: $75,000.00						
09/05/1992	05/29/2015	Other	1,000	Active	401(k):	No	05/29/2015	01/01/2016	No	No	Employee Class
					Match:	No	05/29/2015	01/01/2016	No	No	Employee Class
					NonElec:	No	05/29/2015	01/01/2016	No	No	Employee Class

Participant Name	401(k) Benefit	401(k) Non-Excl	Match Benefit	Match Non-Excl	Non-Elec Benefit	Non-Elec Non-Excl
Brown, Steven	Yes	Yes	Yes	Yes	Yes	Yes
Darcy, Georgiana	Yes	Yes	Yes	Yes	Yes	Yes
Ferrars, Edward	Yes	Yes	Yes	Yes	Yes	Yes
Ferrars, Robert	Yes	Yes	Yes	Yes	Yes	Yes
Green, John	Yes	Yes	Yes	Yes	Yes	Yes
Grey, Joseph	Yes	Yes	Yes	Yes	Yes	Yes
Hurst, Louisa	Yes	Yes	Yes	Yes	Yes	Yes
Indigo, Kevin	Yes	Yes	Yes	Yes	Yes	Yes
Purple, Laura	Yes	Yes	No	Yes	No	Yes
Steele, Lucy	No	Yes	No	Yes	No	Yes
Wickham, George	Yes	Yes	Yes	Yes	Yes	Yes
Yellow, Lisa	Yes	Yes	Yes	Yes	Yes	Yes
Count	11	12	10	12	10	12
Percent		91.67%		83.33%		83.33%

Coverage Test

Continuing Eligibility

Eligibility

- Initial eligibility is reached once a participant completes the age & service requirements
- Participants may also have to meet participation requirements to receive an employer contribution
  - More common with nonelective contributions than Match
  - Not permitted for Safe Harbor contributions
  - Typical requirements are to be employed on the last day and/or work 1000 hours
  - Coded in the Contribution section of Plan Specs

Coding Participation Requirements

▾ Nonelective

Nonelective - Service

A Participant will receive an allocation of Nonelective Contributions if he or she is employed by the Company on the last day of Plan Year or completes the Hours of Service specified:	No
+	
Require service for a Participant to receive an allocation of Nonelective Contributions?	(•) Yes / ( ) No
Hours of Service required in the applicable Plan Year for a Participant to receive an allocation of Nonelective Contributions (1000 maximum without comma):	1000
Require employment by the Company on the last day of Plan Year for a Participant to receive an allocation of Nonelective Contributions?	Include last day
Modify Hour of Service requirement and last day requirement for a Participant who Terminates employment with the Employer during the Plan Year due to death:	(•) Yes / ( ) No
Modify Hour of Service requirement and last day requirement for a Participant who Terminates employment with the Employer during the Plan Year due to Disability:	(•) Yes / ( ) No
Modify Hour of Service requirement and last day requirement for a Participant who Terminates employment with the Employer during the Plan Year due to attainment of Normal Retirement Age:	(•) Yes / ( ) No
Any Hour of Service requirement and last day requirement shall be modified upon the occurrence of the events above as follows:	Waive service and last day
Method to fix Nonelective Contribution Code section 410(b) ratio percentage coverage failures:	Do not automatically fix

Coding Participation Requirements

- First option is either/or – a participant receives the contribution if either they are employed on the last day OR work the required hours
  - If 500 hours used, this can be a failsafe for coverage testing – anyone not benefitting is excludable for coverage
- All last day selections include the option to include anyone terminating on the last day
- Requirements can be waived for death, disability or retirement
  - Reason for Termination column used for this

Interpreting the Eligibility Report

- Plan has LDR and 1000 hours requirement
- All three below have met initial eligibility

Birth Date	Hire Date	Class	Hours	Status	Source	O/R	Date met	Entry Date	O/R	Eligible	Reason
Green, Aaron				Compensation: $75,000.00							
12/06/1987	01/10/2012 2	Normal	1,000	Term	401(k):	No	01/10/2012	01/01/2016	No	Yes	N/A
					Match:	No	01/10/2012	01/01/2016	No	Yes	N/A
					NonElec:	No	01/10/2012	01/01/2016	No	Yes	Term exception
Green, John				Compensation: $75,000.00							
01/09/1983	02/02/2014 2	Normal	444	Term	401(k):	No	02/02/2014	01/01/2016	No	Yes	N/A
					Match:	No	02/02/2014	01/01/2016	No	Yes	N/A
					NonElec:	No	02/02/2014	01/01/2016	No	No - Excl	Term
Grey, Joseph				Compensation: $75,000.00							
11/29/1986	02/01/2013 2	Normal	1,000	Term	401(k):	No	02/01/2013	01/01/2016	No	Yes	N/A
					Match:	No	02/01/2013	01/01/2016	No	Yes	N/A
					NonElec:	No	02/01/2013	01/01/2016	No	No	Cont Elig

Interpreting the Eligibility Report

- Aaron Green is terminated but meets a term exception, e.g. disability
- John Green is terminated with fewer than 500 hours so is excludable for coverage – eligible status is ‘No - Excl’; reason is ‘Term’
- Joseph Grey is terminated with more than 500 hours – eligible status is ‘No’; reason is ‘Cont Elig’
  - Nonexcludable & not benefitting in coverage test

Troubleshooting Transaction Uploads

Vendor Uploads – General Rules

- After you download the file from the vendor:
  - If it’s a .CSV file then open and 'save as' to your hard drive
  - Save other file types without opening
- **Before** uploading the file to ftwilliam.com:
  - Set up accounts & sources as you want them under Plan Specs/General Features
  - Map vendor sources on the Transaction Menu
    - Usually first year only, unless you copy plan specs from the document when adding the new year end

Vendor Uploads – General Rules

- A worksheet is available with information about the vendors in the Help Center that we keep updated
  - In Help Center select **'Transactions'** , then **'Vendor files - file types & tips'** – it's the first option in that section
  - All vendors are slightly different
- Your contact at the vendor is usually the best source of information on their procedures and files
- Please let us know if you have additional information on a vendor

Vendor Uploads – General Rules

- Most vendor's files have the plan ID in one of the columns in the file
  - Exceptions are Principal & Transamerica
    - Principal file name must be 12345_XXX, where 12345 is plan ID and XXX can be anything
  - Several other vendors require the plan ID to be part of the file name
- Make sure the file suffix is correct for the file type

Vendor Uploads

- When you have successfully uploaded the file, the transaction batches will be in ‘pending’
  - Batches can be edited, deleted or posted
- Don’t post the vendor ending balances batch
  - Let the software calculate ending balances – when you run a report, the ending balances are calculated from the other batches
  - Add a system created ending balances batch before closing the year - click the ‘Create Ending Balance’ link

Troubleshooting Vendor Uploads

- When a file will not upload the following are possible reasons:
  - Sources not mapped
  - Wrong file used
  - The file suffix is incorrect, e.g. it's **.xlsx** rather than **.csv** or **.txt** rather than **.RMAP**
  - Wrong version selected - American Premier, Lincoln, VOYA, Empower each have two or more versions
  - File name incorrect – some vendors require ID code used as file name
    - Also Principal has that very specific requirement

Troubleshooting Vendor Uploads

- Suggestions when a file will not upload
  - Click ‘Update’ 1-2 times on the source mapping screen
  - Format the SSNs – CSV files only
  - Delete the header row
  - Rename the file - open it and save as ‘XXXXXX.csv’ where XXXXXX is the plan ID
- Check the file for non alpha-numeric characters, e.g. apostrophe, accent etc.

Troubleshooting Adding Transactions

- Problems adding transaction batches from allocations
  - Make sure the allocations is run and the allocation report is populated
  - Check sources:
    - Contribution batches cannot be created with sources added manually – need to delete & trigger the system sources
    - The wrong source may be added, e.g. if all non safe harbor match contributions are 100% vested, need to use Match100 source
- Error messages on Transaction screen
  - Check source & account setup
  - Check batches for missing data in source or account columns

Vendor Uploads - Additional Notes

- Generic & SRT formats
  - Either can be used for uploading from a vendor we don’t have a custom upload for
  - Templates are in the Help Center under ‘Transactions’
  - No ID Code needed for generic; use a dummy one for SRT
  - Use the source codes listed on the template

Tips of the Month

Tip of the Month - Jane

- No need to attach files when having a problem uploading
  - We can access census and transaction files from the ‘last file uploaded’ links, even if the upload was not successful
  - Files contain sensitive information so should not be sent by unsecure email
- If you need to send another file, e.g. one you are trying to upload to a single transaction batch, please use a secure means, or portal users can post to the Portal Files screen

Tip of the Month - Janice

- Aggregating two or more plans
  - Add a master plan and code all plans with the same Testing Aggregation group ID on the Combined Test parameters screen
  - Read section 10.5 of the User Guide before proceeding – the ‘Help’ link takes you there

Testing Aggregation used:	Yes Help
+	
If Testing Aggregation is 'Yes', Testing Aggregation group ID:	TEST
If Testing Aggregation is 'Yes', Plan containing combined census:	Other Plan
If Testing Aggregation is 'Yes', combine selected data for duplicate Participants:	Yes / No

Wrap-up

- Next User Group meeting – June 5, 2018
- Let us know if there are other topics you'd like to cover, via chat now, or at support@ftwilliam.com
- Questions, thoughts, suggestions….. Please send them!