

The DATAIR News

Summer 1999

News for the DATAIR Pension and Benefits Professional

What's Going on With the 5500's?

By Aaron Venouziou

The Pension and Welfare Benefits Administration recently released the following article which should give you a pretty good idea as to what DATAIR has had to deal with for the 1999 5500's.

The U.S. Department of Labor's Pension and Welfare Benefits Administration (PWBA) has awarded two contracts to national firms to competitively develop its new Employee Retirement Income Security Act (ERISA) Filing Acceptance System—known as EFAST.

National Computer Systems, Inc. of Iowa City, Iowa, and Wang Government Services, Inc. of McLean, VA, are expected to develop fully functional minimum-capacity systems during the base period. The development contracts, awarded September 28, 1998 will end September 15, 1999.

When the firms have completed their "small scale" system assignments, PWBA will evaluate which system most fully meets the federal government's needs and then will exercise the first option period of the contract for one of the two contractors—either National Computer Systems or Wang Government Services—to "scale up" its system and process Form 5500 Annual Reports for five years. The scale-up period is set for September 16, 1999 until July 31, 2000.

The federal government uses the information provided by employee benefit plans in the Form 5500 Annual Reports in a variety of ways. Filed annually by employee

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DATAIR Profile

By Laurie Brophy



Meet Roy Haehnel, our Cafeteria/FlexPlus and Task Manager (Client & Task Manager System) programmer. Roy is currently completing a Y2K-Compliant release of FlexPlus DOS (version 4.50), as well as a release of the Windows Client & Task Manager System, version 1.02. Roy also designed a software program which is used to track and measure our educational and training services.

Having graduated from South Suburban College with a degree in Computer Science, Roy worked as a programmer for a financial and insurance company for a short time before joining DATAIR in September of 1990.

While most of us hire professionals to help remodel our homes, Roy rolled up his sleeves and became his own contractor. When he's not busy knocking down a wall or laying a brick walkway, Roy enjoys bicycling, racquetball, downhill skiing (while trying to avoid breaking his collar bone, again) and, of course, playing computer games.

What's most notable about working at DATAIR? Roy says, "I like the open and relaxed atmosphere here at DATAIR."

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Favorite Web Sites

By Gary Saake

Without a doubt, the web is an excellent resource for up-to-date information on employee benefits.

Here's a few of our favorites.

- www.benefitslink.com** Everything under the sun that has to do with benefits. Q&A, message boards, links, and more. Highly recommended. Kudos to Dave Baker.
- www.irs.gov** Forms , instructions, and publications at your fingertips.
- www.dol.gov/dol/pwba** What's up at the PWBA.
- www.aspa.org** See what ASPA is up to lately.
- www.datair.com** Benefits news, software updates, rates and limits tables, links to the above sites and more!

Have a favorite of your own? Let us know via email to webmaster@datair.com, and we'll add your suggested links to our web site. 

The DATAIR News

The DATAIR News is published by:
 Gary Ward, Editor
 Laurie Brophy, Production Manager
 Contributing Writers:
 Lanning Hochhauser, J.D.
 Gary Saake, V.P. Systems
 Aaron Venouziou, President

The DATAIR News strives to provide our customers with valuable and enjoyable information about DATAIR software, services and the pension industry. Reader contributions are welcome.

Business Codes

By Gary Saake

One of the many consequences of GATT is the switch from 4-digit Standard Industry Code (SIC) to 6-digit North American Industry Classification System (NAICS) business codes. The conversion is taking place over a 5-year period. Unfortunately, this results in different branches of government, namely the IRS and PBGC, switching on different schedules.

The IRS requires the new NAICS codes to be used on its 1998 5500 series forms, while the 1999 PBGC forms still require the older SIC codes. To complicate matters even more, the 5500 forms only accept roughly 500 of the 2500 possible NAICS codes. So, your plans could have an SIC, an NAICS, and a 5500-specific NAICS code. Confused yet?

You might be wondering how this affects various DATAIR systems? Here's a synopsis...

- Pension Reporter 4.60 has been updated to support both the SIC and NAICS codes.
- Client Manager version 1.02, to be released shortly, will have a field added for NAICS code in addition to the existing SIC field.
- The Retirement Plan Document system will continue to only have a SIC field. The business code field is only used on the adoption agreements, and there is no requirement that it be present. As such, we have decided not to cause confusion by switching this to NAICS for Version 1 and 2 documents. When the Version 3 documents are approved and released, there will no longer be a need for either the SIC or NAICS code.

The "What's New" section of our web site includes conversion tables from SIC to NAICS codes, and also a link to the 5500 instructions which lists the codes the IRS accepts. For more information about the new NAICS coding system, visit the US Census Bureau at <http://www.census.gov/epcd/www/naics.html>.

(5500's, Continued from page 1)

benefit plans, the information will be available to the regulatory agencies which administer various sections of ERISA—the Labor Department, the Internal Revenue Service and the Pension Benefit Guaranty Corporation (PBGC) and, on request, to employee benefit plan participants.

Since 1976 the forms have been processed in IRS service centers which provided copies of the forms and the data tapes to the regulatory agencies responsible for administering ERISA. In the last few years, the cost of processing the data to the agencies has been increasing. In these times of reducing budgets, the agencies can no longer afford to pay to enter the data in the computer by hand.

The new EFAST will receive two major types of input from the plan filers:

- Paper filings that range in length from a single page to several hundred pages; and
- Electronic filings which must contain the same information that the filer would submit if providing the material in a paper filing.

The contractors will develop an integrated, imaged-based work flow or process control system using the latest proven technology appropriate to the work of this contract. It is hoped the system will expedite the efficient processing of all forms in conjunction with the requirement to create digital images of each form for data entry, data capture, search, retrieval and archiving purposes. The contractors are expected to use automated data capture technology, when applicable, as well as digital imaging, in initial processors for document analysis and data entry.

The contractors will receive Form 5500 filings, process the data into machine-readable format, conduct specified edit tests for validity and completeness, correspond with filers whose filings fail one or more edit tests, attempt to perfect the data using filer responses, and, finally, provide the data to the federal government.

Many aspects of the filing process are expected to benefit from the use of advanced technologies. The scanning of paper returns and data capture will minimize the number of processing steps and manual errors associated with processing paper returns. "It was time for us to upgrade our technology capabilities to meet the chal-

lenges of the new millennium," said Alan D. Lebowitz, Deputy Assistant Secretary for Programs, PWBA. "We are hoping this more user-friendly electronic filing program will encourage more employee benefit plans to file their plan information with us electronically."

The contractors will process all structured Form 5500 return and schedule fields so that a comprehensive and complete data set is constructed. They are expected to design a system with the necessary flexibility to accommodate any additions, modifications or deletions deemed necessary by the federal government if initiatives and/or regulatory or legislative changes warrant such changes. They also are expected to:

- Design a system capable of processing and storing data in different reporting formats corresponding to different plan years;
- Write image folders for all Form 5500 series reports and their follow-up correspondence to a cost-effective media (primary storage);
- Establish procedures for cost-effective storage and retrieval of image files;
- Retrieve and deliver image folders in response to periodic government requests during the period in which the image folders are stored at the contractor's site;
- Store all image folders generated during the period of this contract for the four end users, the Labor Department, IRS, PBGC, and the Social Security Administration;
- Require EFAST system output data in two forms: image folders and structured data records.

On a regular basis, the contractor is expected to deliver images of the annual reports to the end users, as well as computer readable data that has been extracted from the images using optical character recognition.

As you can see, the final forms will not be available until the government awards the contract to either Wang or NCS by September 16, 1999. Since all forms have to be completely redone, we expect to devote a considerable amount of resources so that we can deliver a Windows™ Pension Reporter System (no DOS System for '99 5500's) with the '99 forms by February of 2000. 

Prototype Plans After GUST

By Lanning R. Hochhauser

The IRS held a meeting with prototype Mass Submitters in Washington, D.C. on April 12, 1999, to discuss the makeup of the Master & Prototype and Regional Prototype programs under GATT, USERRA, SBJPA & TRA '97, known collectively as "GUST". Along with DATAIR, about 25 other people representing prototype sponsors and industry groups were in attendance. The meeting was chaired by James Flannery of the IRS. Also in attendance from the IRS were Richard Wickersham, Carol Gold and a number of other individuals from the Employee Plans division.

The IRS representatives did not commit the IRS to the points of view expressed in the meeting, however, they were very interested in the views of Plan Sponsors. The following summary of matters discussed should give you an overview of the feelings of the IRS and Prototype Sponsors .

The IRS intends to combine the Master & Prototype Program under Revenue Procedure 89-9 and the Regional Prototype Program under Rev Proc 89-13 into a single program. The new Revenue Procedure should be published by summer's end, with the program opening to Mass Submitters 30 to 60 days thereafter. The Combined program will have a single definition of Plan Sponsor so that banks and financial institutions sponsoring prototypes of the various Mass Submitters will be permitted to adopt the same plans as

non-bank sponsors under the old Regional program. All provisions allowed in a prototype plan under either Rev Proc 89-9 or 89-13 will be permitted under the new program.

Permitting cross-tested formulas in prototypes was also discussed; however, the IRS representatives made it clear that they did not anticipate their inclusion in the prototype program. The IRS did promise to consider an age-weighted formula for non-standardized plans.

The same sort of certification provision that was used under Rev Proc 95-12 will be used for documents that are not approved by the end of the GUST remedial amendment period. If a prototype plan is submitted for a GUST notification letter by December 31, 1999, an employer will be able to execute a certification that they intend to adopt the plan of a certain Sponsor that has not yet been approved. The new Revenue Procedure will condition the availability of this extension on the employer's and the prototype sponsor's written certification, made before the end of the GUST remedial amendment period, regarding the employer's intent to adopt the sponsor's GUST-approved prototype plan.

Although the List of Required Modifications (LRMs) has already been published and requires that the same testing method be used for the ADP and ACP tests (prior year/current year), the IRS representatives listened to comments about a change to this policy. Also discussed was the use of different effective dates for Sec 417(e) and the Sec 415 RPA freeze date. Currently the LRMs require the use of the same date. The section 410(b)(6)(C) Transition rule may be made available to standardized prototype plans in a limited fashion. Some discussion took place with respect to allowing the inclusion of Davis Bacon Plan (for employers involved in certain federally funded projects) adoption agreements within the prototype program.

WHAT ARE WE WAITING FOR?

The IRS has released the CODA LRMs for review. These LRMs contain the Safe Harbor language for sections 401(k)(12) and 401(m)(11) of the Code. We await their official publication.

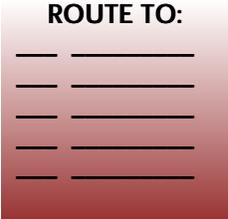
The IRS and Benefits Tax Counsel of the Treasury Department are still discussing the repeal of section 415(e) of the Code and what transition rules will be necessary with respect to section 1.401(a)(4) of the regulations.

Once these matters are settled the new Revenue Procedure should be released.



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 **DATAIR Employee Benefit Systems, Inc.**
735 North Cass Avenue
Westmont, IL 60559-1100
(630) 325-2600 Fax (630) 325-2660
<http://www.datair.com>



Westmont Training Schedule

Master the tools and fundamentals of pension administration through DATAIR's step-by-step system training classes.

-  August 9-13
-  September 13-17
-  November 15-19
-  December 6-10

Regional Training Schedule

Join us 'on the road' for DATAIR's Defined Contribution, Data Import and Data Entry, and Report Writer Systems training.

-  Seattle, WA – July 26-28
-  Providence, RI – Sept. 27-29

ASPA User Group Meeting

You're invited to attend our User Group Meeting that will be held in conjunction with ASPA's Summer Conference. Join us...

Sunday, July 11, 1999
 8:30 a.m. – Noon
 San Francisco, CA

For further details, contact our Training Department or visit our website at www.datair.com, then click on 'System Training'.

Current Software Versions



PE Pension Administration.....	3.07	PA Plan Accountant.....	2.02
PR Pension Reporter.....	4.60	QP Qualified Plan Distribution.....	1.51
RD Retirement Plan Doc.....	1.39	FA FAS 87 Reporting.....	2.00
CA Cafeteria Administration.....	4.45	PT Participant Term. Calc.....	1.50
CD Cafeteria Plan Document.....	1.23a	DE Data Entry & Review.....	1.13
CM Client & Task Manager.....	1.01		