

# The DATAIR News

NEWS FOR THE DATAIR PENSION AND BENEFITS

SUMMER

## From the Top

By Aaron Venouziou, President

**F**or those of you who may not be aware of it, DATAIR's Defined Contribution System for Windows (PE/Win) has been released for Beta testing.

In May, we sent out the call for Beta testers via inserts in the monthly invoices, emails and posting to [www.datair.com](http://www.datair.com). In addition to the call, we included surveys about the number and types of plans administered, platform interfaces and investment links. If you were unaware of our call for Beta volunteers and would like to volunteer to be a future Beta tester, please notify us.

Over 40 responses were received to our call for volunteers. Thirteen were selected, representing both large and small firms, including those who do balance forward and daily valuation. Each of the Beta testers in this first group represent an average of more than 450 defined contribution plans with an average of 10,400 total participants. We kept our initial number of Beta testers small to ensure efficient flow of communication and interaction among the testers and DATAIR staff. More Beta testers will be added as testing progresses. All selected Beta testers have received the program and have begun their review.

Responses to the investment link survey helped us to ensure that we did not overlook the investment companies that you rely upon for your asset valuation information. While not all investment interfaces were included in the Beta release, the most heavily used (Manulife, Nationwide, ING, Mass Mutual and Lincoln National) are included. The remaining interfaces will be added in the future.

A Beta Discussion Forum has been established at [www.datair.com](http://www.datair.com) for the Beta testers to ensure that they can talk to each other, as well as to us. This forum will be used exclusively for Beta testing support so that you will continue to receive the excellent support you have come to expect on all of our other programs.

We have established a webcast arrangement to provide training to the Beta testers for the windows program. The first webcast is in process as this newsletter goes to press. Our hope, as we utilize this innovation, is to be able to bring you more readily accessible training for all of our windows programs.

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## DATAIR Profile



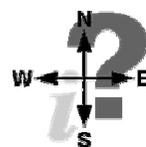
**T**his issue will profile Jim Ashcroft, a member of our Defined Contribution System Support staff for the past three years. Jim also provides customer support for our Pension Reporter (5500) System and the Qualified Plan Distribution System. Currently, Jim is devoting a lot of time testing the 'soon-to-be-released' Defined Contribution System for Windows (PE/Win).

Jim's previous work experience entailed extensive travel and client contact with Public Employer Retirement Plans. Along the way, Jim earned his CFP/CEBS designations which require him to attend continuing education seminars in qualified plans.

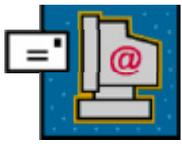
When Jim's not at the office, you can find him outdoors enjoying baseball, golf, or participating in a local 10K run.

What do you enjoy most about working at DATAIR, Jim? "The variety of tasks and assignments—there's never a dull moment!" 

## Special Points of Inter-



- What you need to know before you electronically file your 5500s. (page 2)
- Cafeteria Regulations: HIPAA Privacy Rules and the Initial COBRA Notice (page 3)
- Check out DATAIR's 2 for 1 sale" at [sales@datair.com](mailto:sales@datair.com) (page 3)



# Electronic Filing is

By Kristina Kananen, QPA, QKA, APA

**D**ATAIR has received Electronic Filing Certification from EFAST. We have been eager to tell the world about this by posting our Certification letter at <http://www.datair.com>. The purpose of this article is to give you a heads-up on the work that you will have to do to be able to file electronically even though you will not have the Pension Reporter release until early August. We did not want to interfere with your July 31 filing deadline.

The ability to do electronic filing will not initially reduce your workload as you will have much to do to prepare your firm, as well as your clients. To prepare to file 5500s electronically for your clients you must:

1. Be approved as a Transmitter
2. Have your clients approved as Signers
3. Establish in-house procedures to ensure limitation of your liability for filing.

## TRANSMITTER APPROVAL

To be approved as a Transmitter, you must submit an EFAST-1 form for your company with Parts I, II and III completed. EFAST-1 is available at <http://www.efast.dol.gov>. To qualify as a Transmitter, you must have an Employer Identification Number

(EIN). As with the 5500 Series, there are places on the EFAST-1 where one should not write or type, meaning keep within the boxes. Abbreviations are encouraged because any characters or spaces that exceed the number of boxes, whether typed or written, will be ignored. Oh, and don't include commas.

Once you are approved as a Transmitter, you will receive an Electronic Filer Identification Number (EFIN) with a password and an Encryption Key. The EFIN and the password will give you access to EFAST to verify the status of any forms you file electronically, besides identifying you as an approved Transmitter. The Encryption Key must be used in creating the electronic file.

## SIGNER APPROVAL

Each of your clients will complete Parts I and II of the EFAST-1 to be an approved signer to electronically file the 5500s. If the Plan Sponsor and the Plan Administrator are different people, you will need to have both individuals apply for approval. Only those individuals who are empowered to sign the 5500 and certify "Under penalty of perjury ..." can be approved signers. Signatures on the Schedule B, Schedule P and the Schedule SSA are retained on paper only.

Once your client is approved, they will receive a 16-character Personal Identification Number (PIN) and a 9-digit Signer ID. They will also be cautioned to retain this information in a safe place where unauthorized persons will not have access to it. While the caution may seem excessive, it is very wise since losing this information means your client will have to notify EFAST that they have been lost and apply for a new PIN and Signer ID. The PIN and the Signer ID must be attached to the electronic file, before the filing can take place.

## IN-HOUSE PROCEDURES

Because you, as Transmitter, will be attaching the Signer ID and PIN to the 5500 Electronic File, it is in your best interest to make sure that you have a signed paper copy of the 5500 Series in your file before submitting the electronic file to EFAST. Also, when you signed the EFAST-1 as a Transmitter, you agreed to provide your client with a copy of the forms that you file electronically for them. Having the client fax the signature pages to you after he has reviewed and signed the forms would ensure this safeguard is in place. Since the paper forms are not being filed, the 2D barcode is not required for the signed paper copy, so you could email the client the .pdf file of the forms for printing, review and signature.

The next big issue for many of you to address is modem access. While you can file the forms via diskette, modem filing will result in more immediate acknowledgment of the filing. Acknowledgment of the filing is done via a computer file. Pension Reporter will assist you with this aspect so that you can match the acknowledgments to the right plan and retain this information. You should have acknowledgment about the filing within minutes of EFAST's receipt of the filing. Paper acknowledgment follows within about 10 days. While the acknowledgment of acceptance or non-acceptance normally will be received within minutes, you should be aware that if you are electronically filing on October 15<sup>th</sup>, it may take longer. As the Transmitter, you are

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## The DATAIR News

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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.

# SALES@DATAIR.COM

By Tom Powers

**D**ATAIR sales reps each have more than twenty years of pension consulting and administration experience enabling them to actively support the needs of current and prospective clients.

## Ombudsmen

Each rep is responsible for periodically contacting existing DATAIR clients to gauge satisfaction with DATAIR products and support services. While clients are encouraged to address their questions and requests to the appropriate DATAIR department (Systems Support, Administrative/ Compliance Support, Billing, etc.) and/or department manager, any client who feels that an acceptable resolution has not been reached may contact his sales rep. for additional mediation.

## Matchmaker

DATAIR's sales reps can serve as a liaison for clients who need to develop a mutually beneficial relationship with other DATAIR clients. For example, an actuary may need a Cafeteria plan TPA to handle her clients' Section 125 plans. Or, a 412(i) administrator may need to connect with insurance carriers who have access to DATAIR's Rate File Editor program.

## Licensing Issues

Things change...and when they do, your DATAIR sales rep is there to help you stay within compliance! Call your sales rep when your firm's ownership or address changes; when you open a new branch or have a new telecommuter; and when your number of plans administrated expands. Your sales rep will advise you regarding your current license restrictions and assist with license upgrades.

## And, Of Course, Sales

DATAIR sales reps are never "pushy", but they are responsive to requests about our products and services. They carefully recommend solutions based on your current needs. They also alert our clients to special DATAIR opportunities such as the current "2 for 1 sale" which runs until August 31, 2004. You may contact your DATAIR sales rep at (888) DATAIR-4 (888-328-2474) or [sales@datair.com](mailto:sales@datair.com). 

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*(Electronic Filing, Continued from page 2)*

responsible for checking the acknowledgments and ensuring that any errors are resolved. An electronic filing that receives notification of errors is considered as not filed. If you rely on the paper notification, it may mean 10 days of fines to your client for non-filing.

So, now you know what you can do between today and when you receive the Pension Reporter release in August to make electronic filing part of your annual processing. Documentation for the Pension Reporter release will include the specific explanation of the entire electronic filing process. 



By Delwyn Horton,

## Cafeteria regulations— current and future

### HIPAA Privacy

**O**n April 14, 2004, the HIPAA Privacy rules went into effect. This applies to health FSA plans unless the plan qualifies for an exemption of being self-administered and having 50 or less employees.

The plan administrator should have in place a set of Privacy procedures for the health information that it receives from the participants. The information that must be protected includes any written, electronic or oral communication of individually identifiable health information created or received by the plan which relates to the past, present, or future physical or mental condition of the individual.

A TPA that performs services for the plan would qualify as a Business Associate; therefore a Business Associate's Agreement would also be required. This should insure that the TPA safeguards the PHI (Privacy Health Information) that it receives.

Another requirement that must be met to stay within compliance is that the participants must be given an employee privacy notice. This notice must inform the participants of their rights and how their PHI may be used during administration of the plan. This would include informing the participant of who the Privacy Officer is for the Plan. The Privacy Officer would address any concerns that the participant may have.

### Initial COBRA Notice

The statute provides that the plan administrator of a group health plan must provide an initial COBRA notice, which describes the right to COBRA continuation coverage, "at the time of commencement of coverage under the plan." The initial notice requirement goes into effect

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**ROUTE TO:**

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*(Café Corner, Continued from page 3)*

as of the 1<sup>st</sup> day of the new plan year beginning on or after November 26, 2004. It must be provided no later than 90 days after this date. If the individual experiences a COBRA qualifying event before the initial notice is provided, it must be provided at the same time as the COBRA election notice.

The final regulations specify the minimum information that must be included in the general notice and provide a model general notice that may be tailored by a health plan. Use of the model notice is not required, but the DOL proposes to treat the use of an appropriately tailored model notice as a safe harbor.

**Bill allowing cafeteria rollover is before the Senate**

The House of Representative has passed a bill which would allow a cafeteria plan to permit a rollover of up to \$500 dollars of unreimbursed contributions. Before this becomes law, the bill must be passed by the Senate and signed by the President. The bill is currently attached to other legislation that has yet to be voted on by the Senate.

As the political landscape changes, it is certain there will be new regulations in the future. To help stay informed, you can register for a free weekly newsletter at [www.ebia.com](http://www.ebia.com). 

*(From the Top, Continued from page 1)*

This is Phase I of the Defined Contribution System for Windows (PE/Win). Features will continue to be added to keep up with new laws and regulations. We look forward to feedback and insights from our Beta testers as they work with the system and apply it to real life situations, with both daily valuation and balance forward applications. Their efforts will help us to design an excellent Windows program that meets the needs of all DATAIR clients.

We thank all who volunteered to be Beta testers for this system as well as those who responded to our online investment survey. 

**Current  
Software  
Versions**



CA Cafeteria Administration.....	4.55
CA/Win Cafeteria Admin.....	1.03
CD Cafeteria Plan Document.....	1.24
CM/Win Client & Task Manager.....	1.04
DE Data Entry & Review.....	1.13a
DS/Win Document.....	1.10
DV DATAIR Voice.....	1.02

FA FAS 132 Reporting.....	2.01
QP Qualified Plan Distribution.....	2.01
PA Plan Accountant.....	2.03
PE Pension Administration.....	3.22
PR/WIN Pension Reporter.....	1.16
PT Participant Term. Calc.....	2.02
RW Report Writer.....	3.22