

The DATAIR NEWS

News for the DATAIR Pension and Benefits Professional

W I N T E R 1 9 9 8

From the Top

by Aaron Venouziou

There continues to be a certain amount of confusion regarding required GUST (GATT, USERRA, SBJPA, TRA'97) amendments. Most prototype mass submitters and regional sponsors like DATAIR have not submitted their plans for review by the IRS. Plans have not been submitted because any opinion letter received will contain a caveat saying the opinion letter does not address those matters contained in GUST that first become effective in 1999, such as Code section 415 (e) and 401(k) safe harbor provisions.

If we submit now, it would mean we would be required to submit again in 1999. As a consequence, your client would also be required to submit two plans for review by the IRS.

It is anticipated that the determination letter program for all of GUST will open in the first quarter of 1999, perhaps as early as the issuance of Revenue Procedure 99-6. In conjunction with the unrestricted opening of the determination letter program, the IRS is considering modifying the remedial amendment period in a manner similar to Revenue Procedure 95-12. At this point, it appears that employers who intend to adopt a prototype plan or volume submitter plan to bring their current plan into compliance with GUST will be given one year from the date the prototype mass submitter, regional sponsor or volume submitter sponsor receives its opinion letter. We will notify you when the IRS publishes further guidance in this regard.

Version 3 of the DATAIR defined contribution prototype documents is now available for review by Retirement Document System subscribers. While these documents have not received a determination letter they may be used as interim documents for those employers who insist on a GUST document now. We will submit these documents when the determination letter program is open on an unrestricted basis. If you have any questions, feel free to contact Lanning Hochhauser who is following developments in this area closely.



Dale and Marchelle, celebrate their daughter, Rachel's junior high graduation and son, Mike's high school graduation.

DATAIR Profile

by Laurie Brophy

This past April marked the beginning of Dale Smola's sixth year as part of DATAIR's Systems Development Group. Dale is the lead developer for the Cafeteria Plan Document System (CDS) and the Data Entry Module (DE). His forté is trouble shooting printing-related problems in our Retirement Plan Document System (RDS) and Sponsor Reporting Processing. He also provides technical support for CDS, DE, and RDS and backs up Terry and Scott on Pension System Data Import questions.

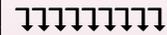
Having graduated from St. Xavier University with a B.A., Dale worked in the R & D Department of Wilson Sporting Goods for 10 years handling their Computerized Data Acquisition and testing equipment.

Outside of work, Dale and his family are actively involved in their community. Dale is a Unit Commissioner for the Des Plaines Valley Council, Boy Scouts of America and serves as a member on the District Advancement Committee. He and his wife, Marchelle, are Field Show Coordinators for the Lemont Township High School Marching Injuns Band. They have a son Mike, and a daughter, Rachel, and two dogs, Sally and Morticia.

What does Dale like best about working at DATAIR? "The wonderful people I work with, both co-workers and clients. DATAIR is like family, and I can honestly say that in 23 years in the real world and 4 career changes, I've never found a better place to work."

You can visit Dale on-line at <http://staff.datair.com/dales>.

News to Use



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Windows 98—Is it Worth the Upgrade?

By Gary Saake

Just when you were getting comfortable with Windows 95, along comes Windows 98.

Should you upgrade? That depends on what version of Windows 95 you have, and what free enhancements you've downloaded from Microsoft's web site. The original release of Win 95 underwent two major updates since its release. So, if your machine was purchased in 1997 or 1998, and you've downloaded Internet Explorer 4.0, then you already have 95% of what's "new" in Windows 98. However, if you purchased your machine prior to that, then there are several new enhancements that can make your relationship with your computer a little more pleasant.

Possibly, the most attractive benefit of Windows 98 is that it reportedly corrects over 5,000... that's right, five-THOUSAND... "issues" (a/k/a bugs) in Windows 95. Pretty amazing, huh? That leads me to our recommendations for Windows 98...

- If you're buying a new machine, get Windows 98 (or Windows NT Workstation) preinstalled on it.
- If you have a machine that seems to have a lot of odd behavior problems, an upgrade to Windows 98 offers a pretty good likelihood that the problems will go away, or at least be significantly reduced.
- If you currently have the "b" version of Windows 95, and aren't having any specific problems, then you might just as well keep that \$89 in your pocket and skip this upgrade.
- If you have the original or the "a" version of Windows 95, an upgrade to Windows 98 might be advantageous if you're thinking of upgrading it with a larger hard drive, or adding other enhancements.
- If you're still using Windows 3.1, an upgrade to Win 98 is definitely in order for a machine with a Pentium or above processor, and 16MB or more of memory.

Not sure what version you have? Just double click on "System" in the Windows Control Panel, and the version you have will be displayed on the "General" tab.

Before upgrading any computer, we recommend checking with the manufacturer to see if they are aware of any machine/model-specific issues, such as the need for upgraded hardware drivers. Our experience with Windows 98 on both new and older machines has been relatively trouble-free.

All DATAIR software is compatible with Windows 95, Windows 98 and Windows NT 4.

Windows 95/98 and Novell Netware

By Scott Weller

Windows 95 and 98 are certainly the most popular PC operating systems today, and Novell Netware is probably the most popular network.

DATAIR software works fine with either, but if you are using the combination of Windows 95/98 AND Novell Netware with the DATAIR Pension System there are two issues you should be aware of.

If you are using the Novell Client 32 for Windows 95/98, or Novell's Client for Intranetware, you may experience corruption of your Pension System data files. Such corruption can cause the calculation cycle to produce different results with successive runs. Or maybe after you delete an employee you will discover that other employees have mysteriously disappeared. Or perhaps simply the results of the calculation cycle will be wildly wrong.

Novell is aware of this problem and indicates that the solution is to make sure that Write Caching is turned off. To do this, go to the Windows 95/98 Control Panel. Select *Network* and then select *Novell Client 32* and click on *Advanced Settings*. Then change the setting for *Write Caching* so that it is off.

If you are using the Microsoft Client for Netware, you may not be able to print to a Novell print queue on a Netware server. Microsoft is aware of this problem but has not offered a solution. In order to print you will need to print to a local printer or to a printer connected to a Windows workstation that is using MS Windows networking.

"Windows 98...corrects over 5,000 'issues' (a/k/a bugs) in Windows 95."

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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.

401(k) Safe Harbor Plans

by Lanning Hochhauser

Employers may adopt 401(k) safe harbor plans for 1999 now, without plan amendment, so long as the plans in operation, meet the requirements of Internal Revenue Code sections 401(k)(12) and 401(m)(11). The Internal Revenue Service has published Notice 98-52 which explains how a plan must administratively meet the 401(k) safe harbor provisions during the GUST remedial amendment period.

The Notice contains specific guidance such as:

- A section 401(k) plan generally satisfies the actual deferral percentage ("ADP") test if a prescribed level of safe harbor matching or nonelective contributions are made on behalf of all eligible nonhighly compensated employees ("NHCEs") and if employees are provided a timely notice describing their rights and obligations under the plan.
- Employee notices for the 1999 plan year are not required to be provided before March 1, 1999.
- A plan that satisfies the ADP test safe harbor by providing a basic level of safe harbor matching contributions automatically satisfies the actual contribution percentage ("ACP") test with respect to matching contributions. Plans that provide additional matching contributions satisfy the ACP test if matching contributions do not exceed specified limitations.
- A special rule allows section 403(b) plans to take advantage of the ACP test safe harbor.
- Plan amendments needed to implement the safe harbor methods generally may be deferred until the date other SBJPA plan amendments are required (for calendar year plans, December 31, 1999).
- The 3% "Safe Harbor" nonelective contributions which are 100% vested wear three hats:
 1. automatic pass of ADP
 2. satisfies Top-heavy minimum
 3. may be used in 401(a)(4) nondiscrimination testing of employer contribution
- The "Safe Harbor" matching contribution (also 100% vested) must be at a rate of 100% of the first 3% of deferrals and 50% of the next 2% of deferrals. This contribution wears only two hats:
 1. automatic pass of ADP
 2. automatic pass of ACP

Among other matters, this notice also addresses the timing of safe harbor contributions, the interaction of the safe harbor methods with other qualification rules and testing methods, and how the safe harbor methods work where an employer maintains multiple CODAs or plans.

DATAIR's Version 3 CODA prototype and volume submitter documents will contain those provisions necessary to reflect the adoption of 401(k) safe harbor provisions for the 1999 plan year.

The Determination Letter Process after Revenue Procedure 98-14 & 98-53

By Lanning Hochhauser

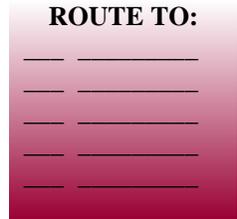
PROGRAM OPENS

Revenue Procedure 98-14 opened the determination letter program for the General Agreement on Tariffs and Trade (GATT), the Small Business Job Protection Act (SBJPA) the Uniform Services Employment and Reemployment Rights Act (USERRA) and the Taxpayer Relief Act of 1997 (TRA '97) (collectively known as GUST) on April 27, 1997. Revenue Procedure 98-14 required that any individually designed or volume submitter plan filed on or after April 27, 1997, contain language to meet the provisions of GUST. The procedure contained no such requirement for prototype plans. Needless to say many practitioners were unhappy with this position taken by the Internal Revenue Service (IRS) and expressed their displeasure to IRS officials.

Shortly after the release of Revenue Procedure 98-14 the IRS saw the error of their ways and further relief was rumored. In September the IRS published Revenue Procedure 98-53 modifying Revenue Procedure 98-14. This revenue procedure modified Revenue Procedure 98-14, to give sponsors of individually-designed pension, profit-sharing and stock bonus plans, including volume submitter plans, the option of requesting that applications for determination letters be reviewed without taking into account changes in the plan qualification requirements made by GUST. This option allows employers to take advantage of the full remedial amendment period for changes in the plan qualification requirements under GUST. This option is not available to terminating plans.

For those of you who have applications pending, and those applications were filed on or after April 27, 1997, there is relief for you as well. Even though you have received a notice from the IRS reviewer requesting that you submit an amendment for GUST, you may now request that the plan be reviewed on a pre-GATT basis only. As a result, newly adopted or amended individually designed and volume submitter plans may receive determination letters without being amended for GUST. This means we have more time to consider the implications of the changes we will have to make, and even more important, the IRS will have a better understanding with regard to reviewing those changes.

ROUTE TO:



1999 Westmont Training Schedule

Watch your mail for the Westmont Systems Training and Regional Training Schedule!

- | | |
|---|---|
|  February 8 - 12 |  September 13 - 17 |
|  April 19 - 23 |  November 15 - 19 |
|  June 14 - 18 |  December 6 - 10 |
|  August 9 - 13 | |

Cost of Living Adjustments

Please note the following items reflect the 1999 changes to the Cost of Living Adjustment Amounts:

- Social Security Maximum has been changed from \$68,400 to \$72,600; and
- Max. PBGC-Insured Annuity

	<u>1999</u>	<u>1998</u>
Age 65	3,051.44	2,880.68
Age 62	2,410.40	2,275.74
Age 60	1,983.24	1,872.44
Age 55	1,373.01	1,296.31

For more information, visit our website at www.datair.com, then click on 'Rates & Limits'.

Current Software Versions



PE Pension Administration	3.07	PA Plan Accountant.	2.02
PR Pension Reporter	4.58	QP Qualified Plan Distribution.....	1.50
RD Retirement Plan Doc.....	1.38	FA FAS 87 Reporting	
CA Cafeteria Administration	4.43b	1.13	
CD Cafeteria Plan Document	1.22	PT Participant Term. Calc	1.40
CM Client & Task Manager	1.01	DE Data Entry & Review	1.12a