

The DATAIR News

NEWS FOR THE DATAIR PENSION AND BENEFITS PROFESSIONAL

WINTER 2001

FROM THE TOP

By Aaron Venouziou, President

DOCUMENTS UPDATE

In a conference call on December 8 initiated by the IRS and including DATAIR, Corbel, McKay Hochman and several other document providers, the IRS expressed some concerns regarding DB Plans and §415 and §417. This appears to have put a hold the issuance of any approval letters or possibly even review of any DB plans until February or March. Though they are quite anxious to resolve these issues, they want to be very careful that these are thoroughly addressed before they decide how to handle any DB submissions. So, at this time, we don't really know what the final date would be on the approval of any DB documents.

That said, we have received comments from the IRS on the initial submission of our Prototypes, and have responded with the requested corrections. Our Volume Submitter documents have been submitted. We would expect to start receiving comments on these in the next couple months.

With that in mind, the Retirement Document System for Windows is nearly ready for its initial release, probably in early March. This release will include only the DC-3 Prototype documents as they have been submitted. This should enable you to create some new plans and to test the system and learn some of the things it will do. Though the IRS may cause drastic changes to the database with their final approvals, hopefully we will be able to ensure that any data you may have entered for the preliminary documents will be transferable to the final version. When the approvals are finally received we will then issue a version of the RD system that will include the ability to transfer data from the DOS version of the document system and also from the Pension System.

Along with our submission as sponsor of these documents to the IRS we have included a list of users who have chosen to sponsor our documents themselves. If you would like to become a sponsor of these documents, please contact us and we will add you to the list.



DATAIR PROFILE

By Laurie Brophy



Met Kevin Deans, a member of our Customer Support team for Defined Contribution and Pension Reporter.

Kevin began his pension career in California while working for his brother, Mike, who is an actuary and long-time DATAIR software user. In 1984, Kevin moved back to Illinois and continued his pension career with another third party administrative firm doing plan administration on Defined Benefit and Defined Contribution plans. As the firm grew larger and the number of plans increased, Kevin decided to get involved with the software that so many firms use in the pension business. Kevin joined DATAIR in 1995.

Having joined the ranks of parenthood, Kevin and Chris, his wife, keep quite busy with their 2 year old son, Jason, who enjoys taking his naps in the bicycle carrier. The Deans' family entertainment that was once dominated by the Bulls, Bears, and Cubs, now share equal airtime with the infamous Barney™ and a host of other children's favorites.

Like any dedicated parent, Kevin cut back on his golf game, but has managed to squeeze in a few rounds here and there. Wanting to share his passion for golf with his son, he went out and bought him a junior golf club. Jason took to the game right away; so watch out, Tiger!

What's the best thing about DATAIR, Kevin? "The people who I work with and customers I help support. I also get a kick out of playing Roy in racquetball, and I have hopes of blocking Andy's shot some day in a basketball game, which for me would indicate that my knees are functioning properly once again."



January Fun



By Kristina Kananen, Q.P.A.

OK 'Fess up. Last January and the 1099R process were so traumatic for you that you can't bear to think of 1099R's again. You have kind of kept a list or file of all the distributions that have been made, but you are not sure if you have caught everyone and you are sure the coming January will be just as bad as the last.

There's good news. Even at this late date, you can turn January into a less stressful event. Of course, you have to start now.

The first question you must answer is which 1099R's will you need to prepare this year? So you're going to need to know for each plan that you are responsible for:

- How many terminations did you process which were paid to the terminnee during 2000?

Box 7 will be a code 1 if the distribution is made before the participant attained age 59 ½ and none of the exceptions under 72(q), (t) or (v) apply. Therefore the 10% premature distribution penalty will apply to the distribution.

Box 7 will be a code 2 if the distribution was made before the attainment of age 59 ½ and

an exception (other than death or disability) under 72(q), (t) or (v) apply.

(Note that if a distribution was taken from the plan because of an IRS levy, a Code 2 is used regardless of the age of the participant.)

- How many disabled participants were paid out?
Box 7 will be coded 3.
- How many beneficiaries of deceased participants received a distribution from the plan?
Box 7 will be coded 4.
- How many Normal or Post-Normal retirees received benefits?
Box 7 will be coded 7. This category applies to those who attained more than age 59 ½ at the time of the distribution. Code 7 may be accompanied by Code A if the participant was born before 1936.
- How many Required Minimum Distributions were made?
Box 7 will be coded 7. *(Note, Code A may not be used for Required Minimum Distributions.)*
- How many PS-58 costs need to be reported?
Box 7 will be coded 9.
- How many participants received a distribution because of excess annual additions under Section 415?
Box 7 will be coded E.
- How many corrective distributions were made which were taxable in the prior year (1999)?
Box 7 will be coded P.
- How many income distributions and corrective distributions taxable in 2000 were made?
Box 7 will be coded 8.
- How many corrective distributions and income distributions taxable in 1998 were made?
Box 7 will be coded D.
- How many Direct Transfers or Rollovers were made during the year?
Box 7 will be coded G if the funds went to an IRA and H if the funds were paid to the Trustee of another qualified plan.
- How many participant loans were declared deemed distributions during the year?
Box 7 will be coded L with a 1 in the second position if the 10% penalty applies or a 2 in the second position if there is an exception. Note that if the participant's account balance is offset to repay a loan at the time of distribution, the loan is treated as part of the distribution and not a deemed distribution. Therefore, it is reported the same as a distribution paid to the participant.
- Don't forget QDRO's.
- How many participants have more than one 1099R reporting event?
For example, the Codes shown in Box 7 are only used in combination to describe one distribution. If you have a participant who received a required minimum distribution and had PS-58 costs, you will have two 1099R's for that person. If a participant took part of his distribution in cash and transferred the balance to an IRA, you will have two 1099R's

The DATAIR News

The DATAIR News is published by:
 Gary Ward, Editor
 Laurie Brophy, Production Manager
 Contributing Writers:
 Kristina Kananen, QPA
 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.



for him. Be aware that neither the Pension System or Pension Reporter will produce a 1099R if the gross distribution amount is less than \$10.00.

Now you have the information you think you will be filing, but you need to confirm it. We recommend you enter all of the information you've discovered in your review on Screen 35 of the Pension System, or enter it directly into Pension Reporter, and then print a summary (or Copy D) to forward to the Plan Sponsor to confirm addresses, Social Security Numbers and that the distribution actually took place. This will save you time on revised or corrected forms, not to mention phone calls when you are trying to focus on 401k testing. (This client approval of the data can serve as your authorization to file the 1099R's electronically in order to comply with the IRS affidavit requirements.) Should you determine that a distribution did not take place as you thought, but that it will take place in 2001, simply change the year on Screen 35 of the Pension System and the data will be there next year. In Pension Reporter, you must delete information for that distribution.

Both Pension Reporter and the Pension System can produce 1099R's for the participants. You may opt for transferring the data from the Pension System directly into Pension Reporter and producing the 1099R's from there. By printing the forms now, you will relieve some of the stress you may have if you wait until January, especially if you have a plan termination to report. (You know, the stress that comes from knowing it's midnight 1/31 and you've run out of envelopes, or postage or toner in the printer.) In both systems, you can produce one participant's 1099R at a time, or print all participants at one time.

Now you need to determine if you will be filing electronically or not. To file electronically you will need to file a 4419 for **your** firm and mail it to:

Internal Revenue Service
Martinsburg Computing Center
Information Reporting Program
230 Murall Drive
Kearneysville, WV 25430

You must file the 4419 at least 30 days prior to the due date of the return. The electronic filing must be completed by 4/2/2001. Once approved, you will receive a Transmitter Control Code. This code will be used each time you file 1099R forms electronically for your clients. The testing for the IRS' new FIRE system did not open until November 1 and will run through December 15th. We provide an update to Pension Reporter and to the Pension System in December to accommodate the filing of the 1099R's electronically. When you file electronically, you will need to send a 4804 and probably a 4802 to the Martinsburg Computing Center. The 4419, 4804 and 4802 are available on the Pension System and on Pension Reporter.

If you decide to file on paper, you must be sure to order enough red line IRS copies as soon as possible. The IRS paper copy must be filed by February 28, 2001 and mailed to the Service Center assigned to your state per the following Schedule:

If your principal business, office or agency is located in:	File with the following IRS Center
Alabama, Arizona, Florida, Georgia, Louisiana, Mississippi, New Mexico, Texas	Austin, TX 73301
Arkansas, Connecticut, Kentucky, Maine, Massachusetts, New Hampshire, New York, Ohio, Rhode Island, Vermont, West Virginia	Cincinnati, OH 45999
Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Oklahoma, South Dakota, Wisconsin	Kansas City, MO 64999
Delaware, District of Columbia, Maryland, New Jersey, North Carolina, Pennsylvania, South Carolina, Tennessee, Virginia	Memphis, TN 37501
Alaska, California, Colorado, Hawaii, Idaho, Montana, Nevada, Oregon, Utah, Washington, Wyoming	Ogden, UT 84201

You must include a 1096 Annual Summary and Transmittal of U.S. Information Returns with all 1099R paper filings. It is most important that you do not staple the 1099R's to the 1096 and that you remove the left hand border which will reduce the paper size to 8 x 11.

No matter which method of filing you choose, we hope we have helped you.



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

Happy New Year!

ROUTE TO:

WESTMONT 2001 TRAINING SCHEDULE

Master the tools and fundamentals of pension administration through DATAIR's step-by-step systems training classes in Westmont, Illinois.

- | | |
|------------------|-------------------|
| 📅 February 12-16 | 📅 September 10-14 |
| 📅 March 26-30 | 📅 November 12-16 |
| 📅 June 4-8 | 📅 December 3-7 |
| 📅 August 6-10 | |

REGIONAL 2001 TRAINING SCHEDULE

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

Dates	Locations
📅 April 23-25	Orlando, FL
📅 June 25-27	Baltimore, MD
📅 September 5-7	Denver, CO

Visit our website at www.datair.com, then click on 'System Training' or contact our Training Department.

CURRENT SOFTWARE VERSIONS



PE Pension Administration.....	3.11	PA Plan Accountant	2.03
PR/WIN Pension Reporter	1.03	QP Qualified Plan Distribution	1.52
RD Retirement Plan Doc	1.41	FA FAS 132 Reporting	2.01
CA Cafeteria Administration.....	4.52	PT Participant Term. Calc.....	1.50
CD Cafeteria Plan Document	1.23a	DE Data Entry & Review	1.13a
CM Client & Task Manager	1.03	DV DATAIR Voice	1.01