


DB/Win Every Day Valuation

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AGENDA

1. Transition from DOS to DB/Win
2. Use of COB/PFB to reduce MRC
3. To PFB or not PFB
(Advantages/Disadvantages of creating a PFB)
4. Rate of Return

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Transition From DOS to DB/Win

Choices:

1. You can transfer the '08 Plan to DB/Win, Run and compare results and then update to '09.
Possible Differences –
 - ✓ Sole Proprietors
 - ✓ Asset Adjustment by contributions and quarterlies
 - ✓ Shortfall amount and amortization
2. Update DOS from '08 to '09 and then transfer '09 to DB/Win.
 - a) Check beginning COB/PFB balances as adjusted by ROR;
 - b) For EOY Vals new PFB, if any, should be discounted to BOY by EIR (example will be shown) amounts applied toward minimum and burned amounts;
 - c) Be careful you don't double adjust COB/PFB by ROR.

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Transition From DOS to DB/Win

Choices (continued)

3. Transfer both '08 and '09 plans from DOS to DB/Win as follows:
 - a) Transfer the '08 Plan to DB/Win, run and compare results;
 - b) Transfer the '09 Plan to DB/Win;
 - c) Go back to '08 in DB/Win and run mini-update to '09.

System Demo follows...

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What to Verify

1. Plan/Sponsor – Plan/Trust (PL-1-1)
 - Check “Plan is covered by PBGC” (PL-1-1)
2. Provisions – Limits/TH (PL-2-1)

“Do not apply 415 Limit to Funding Lump Sum)
This option should be checked if you wish to match the DOS numbers **BUT**, should not be checked in following year if you are funding for a Lump Sum.


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What to Verify

3. Provisions – Ret (PL-2-6)
 - Postponed Ret Adjustment Age Option (Retirement Age Assumption)
 - Select “Day After Valuation Date” to match DOS

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What to Verify (Employee Level)


Late Retirees

- Benefits payable at assumed retirement age (RA).
 - Acc Ben @ NRD actuarially increased to assumed RA.
 - Acc Ben Prior Yr actuarially increased to assumed RA.
 - Acc Ben BOY increased to assumed RA.

Examples:

1. NRD in current year > Val Date (BOY)
2. NRD in current year < Val Date (EOY)
3. Date after Val Date vs. Other Options

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What to Verify

4. Assumptions – Post-Retirement (PL-3-2)
Segment Rates -
 - Make sure the correct look-month is entered (check '08 Schedule B)
 - If Plan Effective Date prior to 1/1/08, check "Use 430(h) Funding Rate Transition Rule"

Once you rerun the Plan, the system will update all Segment Rates (Funding, PBGC, 417(e)) with the correct values. If plan is covered by PBGC (PL-1-1), then PBGC rate will automatically populate.

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Advantages and Disadvantages of creating PFB

Advantages (For Sponsor & TPA) by not creating a PFB

- Eliminates the need to maintain COB/PFB (Part II, Lines 7-13 of Schedule SB)
- No ROR Calculation needed
- No election to increase PFB
- No mandatory (deemed) or voluntary burns

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Advantages and Disadvantages of creating PFB

Disadvantages

- Limits Sponsor flexibility in offsetting future MRC


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Use of COB/PFB to Reduce MRC

1. In order to use COB/PFB to reduce current year's MRC prior year's funding pct must be 80% or higher (See Part III, line 1c of Schedule SB)
2. In calculating the funding Pct (80% Test) only PFB is subtracted from assets (Not COB)


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Use of COB/PFB to Reduce MRC

3. If you apply more COB than you need to satisfy MRC, in essence you are converting COB to PFB (May not be such a good idea!)
 - MRC – 100,000
 - COB – 50,000
 - COB Applied to Min – 500,000 (elected first)
 - ER Contribution – 75,000
 - Excess 25,000 then can increase PFB
 - (PFB will be used to adjust assets for calculating Funding Pct to determine if COB/PFB can be used to reduce MRC.)

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Use of COB/PFB to Reduce MRC


Suggestion to Consider...

- If funding pct <80% and you have a small COB/PFB and you cannot get to 80% by "Burning" COB/PFB then Sponsor should voluntarily elect to burn COB/PFB to zero.

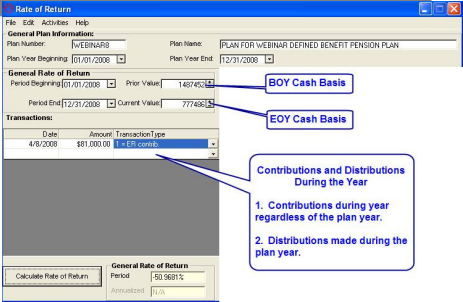
Example:
Assume AFTAP 72%
COB/PFB if Burned AFTAP becomes 78%

Since you are not at the 80% threshold might as well voluntary "Burn" the COB/PFB.

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Rate of Return Calculator to be used for the '09 Val



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Resources

- DATAIR Customer Support Team
(630) 325-2600
E-mail: support@datair.com
web: <http://www.datair.com>
- Release Notes
- Forums
- Webinars
- PE/Win Training DVD

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