

# The DATAIR News

News for the DATAIR Pension and Benefits Professional

FALL

1997

## From the Top

by Aaron Venouziou

**N**ot changing leaves. No, it's the frantic activity at DATAIR that tells me it is fall, and time for ASPA's 1997 Pension Actuaries and Consultants Conference in Washington, DC. If you are attending the ASPA conference, please join us on Sunday for our User Group Meeting. Or, stop by our booths 26 and 28 and meet staff from our marketing - sales, customer service and systems development areas.

This year is very special for us. While we always have something new to show you "by ASPA," this year is unique. We are showcasing our first WINDOWS 95 applications, Client Manager and Task Manager, and DATAIRVoice. Bill and Tom's article below gives you the high points.

But, you will see it all for yourself during the User Group Meeting, the preview sessions Sunday afternoon, or throughout the conference, at our booths. (Refer to page 4 for meeting time and location.)

Looking ahead to 1998, we see "windows" containing the Pension Reporter and Cafeteria Administration systems, along with a transaction based Pension Administration system. We're looking forward to opening all of those windows and more, for you.

We are confident and enthusiastic about our future and the future of our relationships with you. Why? Because of the 37 talented individuals who are DATAIR employees. Whether the length of service is 30 years or 3 months, our staff is dedicated to making 1998 the best year yet for us, and for you.

## DATAIR's Autumn Software Harvest

by Bill Lilliquist and Tom Powers

**Client Manager** Imagine a system that monitors office work flow, keeps tabs on staff productivity, protects you from missing client and government deadlines and helps you build your business by

facilitating prospect and client contacts. Client Manager (another DATAIR Windows 95™ product) does all this and much more! Client Manager comes with benefits

(See **Autumn Harvest**, on page 2)



## News to Use

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## Coming up in the Winter Issue...

**Procedure to Add a QNEC to help pass the ADP and/or ACP Test**

## DATAIR's Profile

by Laurie Brophy

**G**ary Ward came to DATAIR via our website where he responded to our ad for a defined contribution customer support position. With 10 years of administrative experience in the employee benefits area, and 3 years of experience with DATAIR software, he proved to be the ideal candidate for the position.

Little did Gary know, with a degree in English Literature, that a series of events would lead him down the employee benefits road. And in the process, his career path blazed quite a trail—from Wisconsin to Nashville to Cincinnati to San Francisco back to Wisconsin to finally—sweet home, Chicago!

Fortunately for us, his varied background gives him extensive exposure in the benefits area which makes him instrumental in the administrative development of the Client and Task Manager System.

On a more personal note, Gary enjoys participating in one of his passions as a history buff—Civil War Re-enactments. His other passions in life are his wife, Cheryl, and daughter, Fiona, age 2. They are anxiously awaiting the arrival of their second child next March.

What's notable about DATAIR? "I found out quickly (and unexpectedly) that sharing my experience using the DATAIR system in the field is most rewarding when helping new users in need."

*(Autumn Harvest, continued from page 1)*

administration templates that let you assign tasks for such functions as 401(k) administration, Form 5500 processing and new plan setup—but it doesn't stop there! You can easily customize or build your own templates for other activities of your company including investments, accounting, insurance and newsletter mailings. Finally, Client Manager helps you build and maintain client relationships with the ability to store important information about each company (e.g., benefit plans, key personnel, outside advisors), and track contact history and produce mass mailings based on selected queries. Client Manager will be available very soon. The introductory price is just \$2,495 (a \$500 discount), with a \$50 per month support fee. Note to ASPA attendees: See the Client Manager demonstration at ASPA and at the DATAIR User-Group meeting in November.

**DATAIRVoice** Orders are now being taken for this Windows 95™ system designed to enhance both DATAIR's Defined Contribution 401(k) Administration system and our FlexPlus Cafeteria Plan Administration system. DATAIRVoice is an automated telephone response system which will give plan participants:

- round-the-clock access to election and account information;
- investment results (DC system);
- loans (DC system) and
- claims status (FlexPlus system).

Participants can even request investment changes or administrative forms via voice messages. Subsequent releases will accommodate fax-back forms and pushbutton responses.

DATAIRVoice is an integrated hardware/software solution which will function with DATAIR's existing administration systems but will become even more powerful when linked to our next generation of Windows 95™-based software. We have made DATAIRVoice simple to install and run. You will receive the complete system—ready to attach to your network and telephone lines. You can be providing voice response the same day the system is received!

For a four-line solution, DATAIR's software licensing fee is \$4,500 and our monthly support fee is \$100. The estimated cost of DATAIRVoice hardware (server, monitor, and 4-line phone board ordered per DATAIR's specifications) is \$2,500-\$3,000.

**QPDS** The Qualified Plan Distribution and Tax Analysis System was recently updated for the Taxpayers Relief Act of 1997. Despite the limited and specialized relief the Act provided for some excise taxes, the need for an expert distribution and estate planning system is greater than ever! QPDS enables you to clearly illustrate to your client the huge long-term after-tax

spending power that can be achieved by maximizing before-tax asset growth with qualified plans and rollover IRA's.

This powerful retirement and estate planning tool *can generate significant service fees and/or commissions* as you help your wealthier plan participants avoid the pitfalls of federal and state income tax, estate tax and severe penalty taxes. QPDS will help you guide your client in aligning future income from all sources including investments, earnings and Social Security against future expenditures before and after retirement. QPDS enables you to calculate insurance requirements in order to protect your client's estate for his or her beneficiary and even a subsequent beneficiary. Finally, QPDS helps you choose the most advantageous Required Minimum Distribution option for "5% owners" and IRA clients.

QPDS sells for just \$950 (typically less than the income generated from its first use) and there is no monthly service charge.

**FlexPlus:** Our Section 125 Cafeteria Plan Administration System will boast two exciting new options by year end:

- The Automated Clearing House (**ACH**) Option
- The Magnetic Image Character Recognition (**MICR**)  
**Check Printing Option**

The Automated Clearing House (ACH) option lets you pay participant claims via direct deposit to participating banks. NO PAPER CHECKS! The Magnetic Image Character Recognition (MICR) option lets you use safety/check paper and a special magnetic toner cartridge in your laser printer to generate checks. This option is of great benefit to third party administrators who produce checks for many plans. With MICR checks you avoid the hassle of maintaining and loading each client's check stock.

Additional advantages include options for scanned-in logos and/or facsimile signature (for a small charge). For customers who have already licensed FlexPlus, the new ACH or MICR options are available for a one-time license fee of \$750 each (only \$1,250 for both options) and only \$10 each for monthly maintenance. (Note: MICR will be required with ACH for a given plan *if* you use direct deposit for some payments and checks with others.)

FlexPlus for plan sponsors with just their own plan is \$1,750 License Fee and \$30/mo. Support Fee. The TPA unlimited site License for FlexPlus is \$2,750 License Fee and \$50/month Support Fee.

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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.



# Required Plan Amendments

by Lanning Hochhauser

**N**ow that we have the General Agreement on Tariffs and Trade (GATT), the Small Business Job Protection Act (SBJPA), the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA), and the Taxpayer Relief Act (TRA) behind us, how and when are we required to bring plans into compliance with these acts?

The Internal Revenue Service published temporary and proposed amendments to the regulations under section 401(b) on August 1, 1997. Section 1.410(b)-1(f) now grants the Commissioner of the Internal Revenue Service (IRS) the discretion to extend the remedial amendment period. (The remedial amendment period is the period during which you may retroactively amend a plan to bring it into compliance with certain changes to the IRS Code.) Pursuant to that discretion the remedial amendment periods for GATT, SBJPA, USERRA and TRA have been conformed to the same date. That date is generally the end of the plan year beginning on or after January 1, 1999.

**Terminating Plans...**Presently I am waiting on responses from several areas at the IRS before I add language options to the Retirement Document System. The language I am contemplating adding will help both ongoing and terminating plans.

Plan representatives submitting plans for a determination letter are receiving general comments that the plans must be amended for GATT, SBJPA and USERRA without specific guidelines. Comments coming from each of the IRS offices are not uniform. The Cincinnati Volume Submitter coordinator is telling DATAIR that uniform guidelines are about to be issued by the Cincinnati (Covington) office. Uniform guidance will allow me to provide language for terminating plans through the RDS system that will be useful to terminating plans regardless of the office reviewing the submission.

**Ongoing Plans...**Plans that were in existence at the time these various Acts were passed need not be amended until the last day of the plan year beginning on or after January 1, 1999 (Rev Proc 97-41). Furthermore, ongoing plans must be administered according to the various provisions' effective dates regardless of whether the language is actually in the plan. For instance, family aggregation provisions of Code sec 414(q) as they existed prior to the SBJPA should not be applied for plan years beginning after December 31, 1996; to do so may expose a plan to loss of qualified status (Sec 6.09, Rev Proc 97-41).

**New Plans...**New Plans that are adopted without language that considers GATT, USERRA, SBJPA and TRA can receive determination letters with the caveat that the letters do not cover these acts. The new plans will be required to be qualified in form by the last day of the plan year beginning on or after January 1, 1999.

Part II, section 11 of Rev Proc 97-41 says that "Until further notice is given, plans (including master or prototype, regional prototype, and volume submitter plans), other than terminating plans, that include provisions that reflect the SBJPA or GATT amendments to the qualification requirements will not be subject to adverse letters by reason of the inclusion of the provi-

sions. This will not preclude the issuance of adverse letters for other reasons, such as an impermissible elimination or reduction of section 411(d)(6) protected benefits resulting from the adoption of amendments for SBJPA or GATT." I have asked the Service for further guidance regarding providing language that would allow employers to make elections that would reflect the manner in which they are operating their plans. If this language can be provided through our regional prototype plans it will be added to the RDS section.

***May plan sponsors...anticipate in plan operation certain plan amendments that they intend to adopt as a result of changes in the qualification requirements?***

## Recommended Reading...

If you have not done so already, you should read Rev Proc 97-41 and Notice 97-45. Rev Proc 97-41 answers three questions:

1. Is there a single deadline for adopting SBJPA, GATT and USERRA amendments to quali-

fied plans?

2. What is the deadline for adopting SBJPA, GATT and USERRA amendments for certain plans which have extended reliance on Tax Reform Act of 1986 (TRA '86) determinations?
3. May plan sponsors, for qualification purposes, anticipate in plan operation certain plan amendments that they intend to adopt as a result of changes in the qualification requirements?

Notice 97-45 guidance on the following:

1. Making the top-paid group election permitted by section 414(q)(1)(B)(ii).
2. A new calendar year data election for an employer that maintains a plan on a fiscal year for purposes of determination of whether an employee is an HCE on account of compensation.
3. Transition relief from certain requirements of the top-paid group election and the calendar year data election.
4. Guidance on plan amendments to reflect the revised definition of HCE, including the application of the remedial amendment period under section 401(b), and certain other matters relating to the determination of HCE status.



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**ROUTE TO:**

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## 1997 Westmont Systems Training & Seminar Schedule

If you have not had an opportunity to attend our systems training or pension seminars this year, time is running out! The last two training sessions scheduled for this year are...

-  November 10-14
-  December 8-12

*For more details, please contact our Training Department.*

### Planning ahead...

Watch your mail for the 1998 Training & Seminar Schedule.

## ASPA User Group Meeting

Sunday, November 2 · 8:30 A.M.-2:30 P.M.  
 Grand Hyatt Washington, Washington, DC

Please join us for a look at:

- ✓ RDS Issues and System Enhancements
- ✓ Cafeteria System changes
- ✓ Recent (including TPRA '97) DC and DB System changes
- ✓ Qualified Plan Distribution System changes
- ✓ Overview of future developments
- ✓ Hardware & Software requirements to operate DATAIR Windows™ applications
- ✓ Internet discussion



Plus, you will also have an opportunity to see a demonstration of our new Windows™ products—**CLIENT & TASK MANAGER** and **DATAIRVoice!**

## Current Software Versions



PE Pension Administration.....	3.03	PA Plan Accountant. ....	2.02
PR Pension Reporter .....	4.54	QP Qualified Plan Distribution.....	1.50
RD Retirement Plan Doc.....	1.36	FA FAS 87 Reporting.....	1.13
CA Cafeteria Administration .....	4.42	PT Participant Term. Calc .....	1.40
CD Cafeteria Plan Document.....	1.22	DE Data Entry & Review .....	1.12a