The DATAIR News

From the Top

By Aaron Venouziou, President

EGTRRA

During the past few weeks, users of DATAIR's Retirement Plan Document System have signed up on our website to become Word for Word adopters of our EGTRRA plan documents. DATAIR let's you choose to re-register the documents in your own company's name or to keep DATAIR as the document sponsor. We have extended our deadline until November 30, 2005 to apply for re-registration and to receive extended remedial amendment period reliance. Contact us for details on re-registering.

DATAIR's EGTRRA documents will offer *more choices* to suit your business needs. You will be able to select from four document types:

1. Standardized and Nonstandardized Prototypes with more flexibility than ever before including cross-tested formulas.
2. Volume Submitters formatted like customized, individually designed plans.
3. *New*, streamlined, short form Prototypes, easier to complete and ideal for many small employers.
4. *New*, Volume Submitters with the convenient Prototype format (Adoption Agreement and underlying document).

We are preparing webcasts to offer the public a detailed look at all of our EGTRRA documents and will soon announce a schedule for these free webcasts.

DC/Win

It's here; it's real; it works! I want to thank the hundreds of DATAIR customers who signed up for **DC/Win** during its Pre-release phase. Their constructive criticism based on their real-world experience will continue to be reflected in many **DC/Win** enhancements over the next months including user-friendly data import and export utilities. In addition to the webcast classes, we will soon be announcing **DC/Win** classes at DATAIR.

Finally, I want to thank those DATAIR customers who responded generously to our plea for help for their Gulf Coast colleagues whose businesses were impacted by Katrina and Rita. Many generously volunteered with resources and office space. That's the American Spirit at its best!

DATAIR Goes to Capitol Hill

By Gary Saake, VP/Systems

*Gary Saake and Kim Roberts outside the Cannon Office Building after meeting with Speaker Hastert's staff.*

As a part of the ASPPA Annual Conference in November, I had the opportunity to go to Capitol Hill to meet with the staff of Speaker Denny Hastert (R-IL) to present ASPPA's position on the recently released report by the bipartisan Presidential Advisory Panel on Federal Tax Reform, as well as other pending pension legislation.

Joining me on the visit to Hastert's office were Kim Roberts - DATAIR Customer Support, and Charlie Clark - Clifton Gunderson LLP. Although we weren't exactly sure what to expect, our positions were well received by his staff, and will hopefully help form the debate over what could be a devastating blow to employer-based retirement and health plans.

Over 330 other ASPPA members also participated in this year's visit to the Hill. Other DATAIR staff who met with their members of congress included Aaron Venouziou, Andy Hoskins and Lanning Hochhauser.

Although this is an annual event, it's important that you deliver the message throughout the year to your members of Congress. While a letter, fax or email is always good, even better is making an appointment in your legislator's district office when congress is in recess. Each of you are lobbyists for sound retirement policy, and the more times they hear our message, the better the outcome will be.

Special Points of Interest
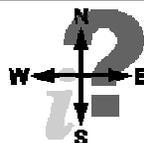
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Pension Reporter News

By Kristina Kananen, QPA, QKA, APA

The 2005 5500 Series forms brought some surprises for qualified retirement plans required to pass 410(b) testing and for 5500-EZ filed for defined benefit plans.

Schedule T

The Schedule T has been eliminated and replaced with a single question on the Schedule R.

Schedule R

At first glance, one might assume that one is now required to file a Schedule R for every plan that must meet minimum coverage rules. Not so. The instructions as to who must file Schedule R remain the same as in prior years. Therefore, those defined contribution plans not subject to minimum funding standards and with either no 2005 distributions or distributions that were reported on 1099Rs under the EIN of the employer or the plan administrator are still not required to complete Schedule R.

If the plan qualifies for one of the exceptions that was listed in Item 3 of the 2004 Schedule T, Question 9 is left blank.

5500-EZ and Schedule B

The next surprise was that 5500-EZ filers are not required to attach a Schedule B to their filing. This does not mean that one is not required to prepare a Schedule B. The complete and signed Schedule B must be maintained in the plan files.

Formatting of Plan Name

Certain characters have been determined to be invalid and will not print on machine generated EFAST forms. While many of the invalid characters are not characters that the average 5500 preparer would use, there are several that probably exist in your Pension Reporter database now. These invalid characters are:

- # - The pound/number sign
- (- The Left Parenthesis
-) – The Right Parenthesis
- [- The Left Bracket
-] – The Right Bracket
- | - The Vertical Bar

So, if your plan name is in the database as "John Doe, M.D., Inc. 401(k) Plan", it will print as "John Doe, M.D., Inc. 401 k Plan". The full legal name of the plan is not used on the 5500 Series by the DOL, so the change in printing does not violate the DOL identification of plans by the Sponsor EIN and the 3 digit plan code. It doesn't matter if you think that your 5500 forms look bad...well, it won't matter to anyone with the power to change it.

Fees and Commissions

DOL Advisory Opinion 2005-02A is referenced in the instructions for the 2005 Schedule A for the reporting of fees and commissions. A copy of the Advisory Opinion 2005-02A can be easily found on the DOL website by using the search function.

2005 5500 Availability

We have already received approval on our EFAST electronic filing and preliminary approval for paper filing. However, EFAST will be issuing a new print engine and we will receive final paper filing approval after we receive it.

Once we have final EFAST approval on our 5500 paper filing, we will send out a full update CD for Pension Reporter. New features that will be included with the 2005 5500s, will be:

✓ Ability to use currently available 5500 form and schedules for short plan year and final filings that have due dates before the appropriate filing year forms are available without having to trick the system. You'll just create a new year, like 2006 and the 2005 forms will appear until the 2006 forms have been released and approved.

✓ We've added 'Simple Import' for 1099Rs so that you can import your spreadsheet directly into a plan file, thus eliminating the need for the native format for import. If you are beginning your 1099R process, following the logical sequence of the information boxes on the 1099R will not be wasted effort and will allow for minor modifications to the spreadsheet to prepare it for the simple 1099R import.

2006 Technology Initiatives

By Gary Saake, VP/Systems

There are three major technology initiatives that will affect you over the next year:

✓ *Support for Windows 98 and Windows ME ending*

Support for Windows 98 and ME will end on June 1, 2006 for all DATAIR Windows-based software.

Pension Reporter 1.20 or later (2005 forms) will require Windows 2000, XP, or 2003 due to limitations imposed by EFAST.

✓ *Transition to Microsoft SQL Server Client-Server Database*

All DATAIR systems are in the process of transitioning to the Microsoft SQL Server client-server database. The DC/Win Pension System currently supports SQL Server and other systems will be moving to it over the next seven months.

Once the last system to support SQL Server is released, you will have a minimum of an additional 6 months to move from the current Access MDB database to SQL Server.

A free, limited, version of Microsoft SQL Server known as MSDE is included with our Windows-based systems.

✓ *Internet Connection Required*

Beginning July 1, 2006, an internet connection to at least one machine per database will be required to enable us to provide you with technical support, access to software updates, and to provide a variety of other services. Although broadband-level service is preferable, 56K modem dial-up type service is acceptable if broadband is not available.

Whenever we make significant changes in our technology requirements, we attempt to give you a minimum of six months advance notice to enable you to properly plan for a smooth transition.

For more information on any of these initiatives, see the *Technology Publications* section of the DATAIR web site. Our technical support group is ready to help you with any questions you may have about any of these changes. ✺

✓ Electronic filing for the 2005 1099Rs. Remember that if you have not been approved for combined state/federal reporting, you must perform a test filing with the IRS. Also, you must make sure that each of your payers with distributions to payees in states that are part of the combined state/federal reporting has signed a Form 6847 which has been forwarded to the IRS. Copies of the signed forms should be retained in the transmitter's files. Without this signed form, the IRS cannot provide any state information from the 1099R to the state and the plan will not have met its required filing with the state. Only one Form 6847 needs to be filed for a plan. ✺

Café Corner

By Delwyn Horton, CFC

Did You Know...

The reimbursement rate for mileage due to an eligible health FSA expense was increased to .22 cents for the months of Sept. thru December 2005. This change was in response to higher gas prices during the year. The reimbursement rate for the months of January through August of 2005 remains at .15 cents.

Cafeteria plans are exempt from the IRS proposed regulations that address the comparability requirements applicable to contributions made by employers to their employees' Health Savings Accounts (HSA). This confirms prior guidance that employer HSA contributions made through a cafeteria plan are subject to the Code Section 125 nondiscrimination rules rather than the comparability rules. Note that the proposed regulations also state that "where matching contributions are made by an employer through a cafeteria plan, the contributions are not subject to the comparability rules".

Notice 2005-61 (issued on September 7, 2005) provides that an employer that amends it's Dependent Care FSA plan for the grace period may continue to report on the participant's W-2 the Dependent Care FSA salary reduction amount for the year without regard to reimbursements attributable to carry over amounts from the prior year. For example, if a Dependent Care FSA participant elects to contribute $5,000 in 2006 and $500 is carried over from the 2005 plan year (and later reimbursed in the 2006 plan year), the employer need only report $5,000 on the participant's 2006 W-2.

DATAIR has training classes available throughout the year. The class for cafeteria administration includes detailed instructions on system functionality and a hands-on exercise. The class also covers some of the more complex rules and regulations affecting cafeteria plans such as 5500 form filings and non-discrimination testing. You can find more information covering class schedule and fees on the DATAIR website (www.datair.com). ✺

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DATAIR bids Gina and Bill a fond farewell.
We all wish you good luck in your retirement, enjoy these golden years, and we will miss you!

Current Software Versions

CA Cafeteria Administration	4.55
CA/Win Cafeteria Admin	1.06a
CD Cafeteria Plan Document	1.25
CM/Win Client & Task Manager	1.05
DC/WIN Defined Contribution	1.00a
DE Data Entry & Review	1.13a
DS/Win Document	1.12

FA FAS 132 Reporting	2.02
QP Qualified Plan Distribution	2.01
PA Plan Accountant	2.03
PE Pension Administration	3.25
PR/WIN Pension Reporter	1.19
PT Participant Term. Calc	2.04
RW Report Writer	3.25