

The DATAIR News

NEWS FOR THE DATAIR PENSION AND BENEFITS PROFESSIONAL

SPRING 2002

From the Top

By Aaron Venouziou, President

DATAIR DOCUMENT SERVICES... ANOTHER "NICETY" FROM DATAIR

As you are aware, DATAIR has released the Document System for Windows that contains the IRS-Approved GUST Defined Benefit and Defined Contribution/401(k) prototype documents.

In the past, many people utilized our "Docs by Mail" service to obtain prototype and volume submitter documents without purchasing an entire software system. Just like other document providers that offer a mail-in service, you filled out a checklist and mailed it to us. We sent you back a document, SPD, and the employee communications.

With "DATAIR Document Services" you receive from us a restricted copy of our new Windows-based document system on CD, free of charge. The entire system is on the CD; you just can't print. It includes all Standardized and Non-standardized Profit Sharing, 401(k), Money Purchase, Target Benefit, and integrated and non-integrated Defined Benefit plans, including the GUST appendices and the EGTRRA amendments. Once the system is installed on your computer, you are ready to begin:

1. Complete the on-screen Adoption Agreements, EGTRRA Amendments, procedures, etc.
2. Save your plan to a file and e-mail it to docservices@datair.com or copy to a disk and mail it to DATAIR.
3. Fax us a one-page Transmittal Form indicating the level of review you need from DATAIR and if you require expedited service.
4. Receive your completed documents from DATAIR via e-mail or paper copy.

There is no more paper; no more confusing checklists; and no more hassle of trying to find what you did with that checklist. Plus, you get the opportunity to look at our software and to decide if it is something that your business could use in the future. (We figure that after four or five documents you could have paid for the system.)

If you are interested in utilizing "DATAIR Document Services", call us at (630) 325-2600 or e-mail us at docservices@datair.com and we'll send you the CD today. 

DATAIR Profile



David on 'holiday' in the UK.

Met David Johnston, a sales representative, who completed his third year of service with DATAIR this past December. David assists prospective users and clients with their software needs.

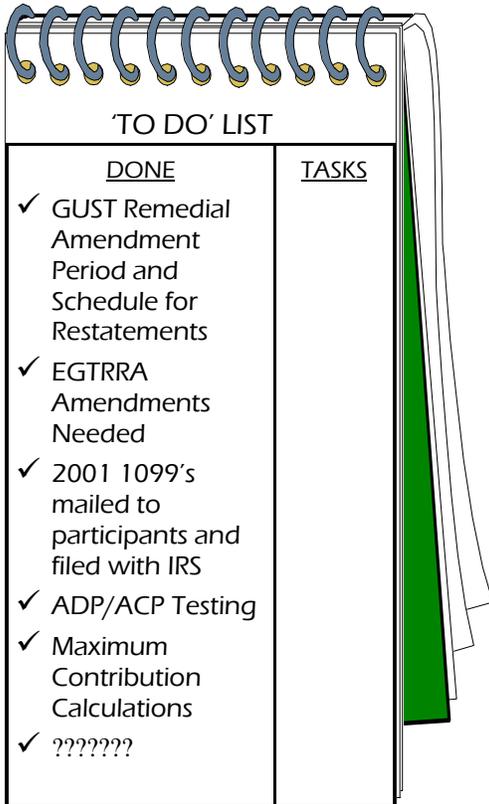
David has been in the employee benefits field and insurance industry for over 30 years. His career has included involvement in the sales and administration of life and health insurance, self-funded group health care plans, Section 125 Cafeteria plans and benefit consulting with employers and third party administrators since his sophomore year in college at the University of the Pacific.

Besides David's work schedule and trying to run a few times a week to stay in shape, he is active at his church, serving with the church's single adult ministries as a leader in the travel and tours group. Over the Christmas/New Years holiday week he led a group of 21 single adults to London, England.

What do you enjoy about your work at DATAIR, David? "I really enjoy being involved in all of the complex issues of qualified retirement plans – GUST, EGTRRA-2001, new comparability and all the other things that are constantly changing in the employee benefit world. The great wealth of knowledge and experience of my DATAIR associates is such a plus to my efforts in sales. I also enjoy speaking with folks around the country as they relate their business' circumstances and approaches to serving their clients." 

To Audit or Not to Audit

By Kristina Kananen, QPA, APA



Think you've got your 'To Do' list under control? Sure? Isn't there just one more thing to keep track of this year? What about small plan audits?

The DOL published final regulations pertaining to small plan audits in the October 19, 2000

The DATAIR News

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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.

Federal Register, before any GUST determination letters had been issued and EGTRRA was signed into law. Effective as of December 19, 2000, for small funded plans, the regulation is effective but not applicable until the first plan year beginning after April 17, 2001. So you have until May, 2003, right? Maybe.

Any plans with a fiscal year beginning April 18, 2001, or later, are subject to the new regulations for the 2001 Form 5500 reporting. Calendar year plans do not apply the amendments until the plan year beginning January 1, 2002, but they may have to prepare for those requirements now.

The majority of small plans will be able to claim a waiver to the audit requirement, provided they meet three conditions:

- 95% or more of the plan assets are in "Qualifying Plan Assets", or
- If more than 5% of the plan assets are unqualified, a fiduciary bond has been purchased equal to the dollar value of the non-qualifying assets, and
- Additional investment information is provided on the Summary Annual Report.

If a plan is filing the 5500 series as a small plan by filing the Schedule I, it may claim the waiver of the audit requirement even though it may have more than 100, but less than 120, participants. Any plan which elects to continue to file as a large plan (Schedule H filer), even though the number of participants as of the beginning of the year fell below 100, is required to attach an auditors statement to the 5500 filing.

"Qualifying Plan Assets" are determined as soon as possible at the beginning of the plan year using the information from the preceding reporting year. Any additional bonding required for non-qualifying plan assets is to be purchased as soon as the non-qualifying assets are identified. The rules for determining regular fiduciary bonds (ERISA Section 412) are the basis for determining the dollar amount of the assets which are qualifying and, thus, which are non-qualifying. "Qualifying Plan Assets" are defined as:

- ☞ Any plan assets held by:
 - A bank or similar financial institution (Reg. 2550.408b-4c);
 - An insurance company qualified to do business under the laws of a state;
 - An organization registered as a broker-dealer under the Securities Exchange Act of 1934; or
 - Any other organization authorized to act as a trustee for individual retirement accounts under Code Section 408.
- ☞ Shares issued by an investment company registered under the Investment Act of 1940;
- ☞ Investment and annuity contracts issued by any insurance company qualified to do business under the laws of a state;
- ☞ Participant loans which meet the requirements of ERISA Section 408 (b)(1);
- ☞ Qualifying employer securities as defined in ERISA 407(d)(5), which also includes the provisions of 407(f)(1); and
- ☞ In an individual account plan, any assets in the individual account of a participant or beneficiary over which the participant or beneficiary

Cool Tools

By Gary R. Saake, VP/Systems

(Continued from page 2)

has the opportunity to exercise control and with respect to which the participant or beneficiary is furnished, at least annually, a statement from a regulated financial institution referred to above, describing the assets held (or issued) by such institution and the amount of such assets.

The focus of the new regulations is on plan assets which are not monitored by other federal or state agencies. The DOL is concerned about the plan assets which might "fall between the cracks" because there is no oversight, except for the plan fiduciaries.

Non-qualifying plan assets could be, but would not be limited to, limited partnerships, land, buildings, equipment, leases or loans made to other than participants, as long as these assets are not held by any of the institutions listed in the definition of Qualifying Plan Assets. If only the plan fiduciary holds the only evidence of a plan asset and participants do not receive information about the asset from a financial institution monitored by a federal or state agency, the DOL takes the view that the fiduciary is not accountable.

Another difficulty for plans with non-qualifying plan assets is that many of the insurance companies, mutual fund companies or other financial institutions will not hold assets which fall outside of the realm of marketable securities. If your client insists on holding plan assets that are not "Qualifying Plan Assets", the only recourse is to obtain additional bonding to cover the value of those assets, or to engage an auditor.

When the 5500 Series is being prepared, question 4k on the 2001 Schedule I addresses whether a plan is claiming a waiver of the audit requirement.

- ☞ If the plan year began before 4/18/2001, the plan is exempt from the audit waiver and should just answer the question 4k no.
- ☞ If the waiver is not claimed, and the plan year began after 4/17/2001, then an audit report is required to be attached to the 5500 filing.
- ☞ If such a waiver is claimed, then there is additional information to be provided to participants and beneficiaries on the Summary Annual Report. This information is:
 - The name of the institution holding "Qualifying Plan Assets" and the amount of such assets held by each institution as of the end of the plan year (Note this provision does NOT apply to qualifying employer securities, participant loans or individual account plans with participant investment direction and at least annual statements on their individual accounts from regulated financial institutions);
 - The name of the surety company issuing the fiduciary bond to cover the non-qualifying plan assets;
 - A notice indicating that participants and beneficiaries may, upon request and without charge, examine or receive copies of, evidence of the required bond and statements received from each institution holding qualifying assets which describe the assets held

(Continued on back page)

Ever make a change to a file that wish you hadn't or install some software and have your machine stop working? Well, there's a new product on the market that's for you... GoBack 3.0 from Roxio.

The software keeps track of changes to your hard drive and keeps a log of safe points in time you can roll back to. For example, right now, I can roll my entire computer back to any point in time in the past seven days, or I can roll back just the Word file containing this article to any of the five versions I've created over the last few days.

The system uses 10% of your hard drive to work its magic. The size of your hard disk, and the size and number of files you change affect the length of time you can roll back to. The fact that it works transparently in the background without the user needing to do anything really makes this a "must-have" utility for every workstation in your organization. It doesn't replace the need for backup, but is a wonderful addition to protect your computer between backups.

I've been using older versions of GoBack for almost two years, and have to say it's saved me from disaster more times than I'd like to remember. My only complaint is that GoBack won't work on server operating systems.

It's available from your local computer store, or you can download it from the Roxio web site for under \$40. More information is available at <http://www.goback.com>. 

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 E-mail: info@datair.com

ROUTE TO:

(AUDIT, Continued from page 3)

by the institution as of the end of the plan year; and

- A notice stating that participants and beneficiaries should contact the Regional Office of the U.S. Department of Labor's Pension and Welfare Benefits Administration if they are unable to examine or obtain copies of statements received from each institution holding qualifying assets or evidence of the required bond, if applicable.

If a plan offers individually directed accounts through a brokerage firm, insurance company or mutual fund company where the participants receive statements at least annually, you are not required to include those accounts in the additional SAR disclosure. If all of the plan assets are in such accounts, then the Summary Annual Report would be unchanged from prior years. It is not the intent of the DOL to disclose so much information as to allow participants to determine which assets in individually directed account plans belong to which participants.

This regulation is directed at every small funded plan, but may have no practical impact. Your "assignment" is to determine which plans are impacted and to what extent, and to be sure that your client is aware of all steps he must take. And it all should be done before you begin to prepare the 2001 Form 5500 Series or finish the valuation work for the 2001 plan 

Westmont 2002 Training Schedule

Master the fundamentals and tools of pension administration through DATAIR's step-by-step system training classes. We also offer four one-day seminars at our office: Pension Essentials, New Comparability Seminar, Prototype Seminar, and 5500 Forms.

-  May 6-10
-  June 17-21

For further details, please contact our Training Department or visit our website at www.datair.com, then click on 'System Training & Seminars'.

Current Software Versions



CA Cafeteria Administration.....	4.54
CD Cafeteria Plan Document.....	1.23a
CM/Win Client & Task Manager.....	1.04
DE Data Entry & Review.....	1.13a
DS/Win Document.....	1.01
DV DATAIR Voice.....	1.02
FA FAS 132 Reporting.....	2.01

OP Qualified Plan Distribution.....	2.00
PA Plan Accountant.....	2.03
PE Pension Administration.....	3.16
PR/WIN Pension Reporter.....	1.09
PT Participant Term. Calc.....	2.01
RD Retirement Plan Doc.....	1.41