

# The DATAIR News

NEWS FOR THE DATAIR PENSION AND BENEFITS PROFESSIONAL

SUMMER 2002

## From the Top

By Aaron Venouziou, President

**D**ATAIR has received approval from the IRS for the Volume Submitter Defined Benefit Plan. Among the numerous enhancements approved by the IRS we are excited to include 52 benefit formulas. For two of these we fought very hard. With one you can define a different formula for each class of employees and the other enables you to define a different formula for each employee by name. The battle for these formulas and many other features in the plan was long and difficult, but in the end we feel that we were able to get the needed approval for everything we wanted. We expect this will provide you with significant advantages in tailoring the plan for the specific needs of your client.

Our developers are now working hard to incorporate this document into DATAIR's RetireDocs System as quickly as possible. Meanwhile, the IRS is reviewing the Volume Submitter Plans for the Money Purchase Pension, Profit Sharing and 401(k), and we will program those into the software as soon as they are approved.

The best way to keep informed on the progress of RetireDocs and our other software is to log into the new **DATAIR Discussion Forum** on our website ([www.datair.com/forums](http://www.datair.com/forums)). This is a free discussion forum open to everyone, regardless of whether you use our software or not. At first I wasn't quite sure what to do with this, but as more people have logged on, it has been great to see how people are sharing information. I think it is a fantastic tool, not just in keeping up with what is happening with our software or with pensions in general, but in seeing how other people use the software in the daily routines of their business.

The Forum is a reminder system which can keep you informed of any software updates that DATAIR puts up on the website. By registering onto the forum and logging in you can then hit the "subscribe to forum" icon located to the far right in the "Support Announcements" section. Whenever anything new is added to the software updates you will then be notified by e-mail that a change has occurred. While you're in the Forum check out the various topics, add your comments to the discussion, or create a new topic of interest to you. The free exchange of information is always good. I think you will enjoy it.



## DATAIR Profile



**M**eeet Gerald West, one of our technical support gurus that has been providing support to our users since February of 2000.

Gerald troubleshoots a variety of software-related problems—everything from installation problems, to printing errors, to repairing corrupt databases. He also assists customers in setting up the DATAIR programs to function properly on individual PCs and networks. And if you need help importing data into one of our programs...he does that, too. Given his technical knowledge and experience, Gerald has written some FAQs that appear on our website.

Before working in technical support, Gerald worked at a bank in Chicago in the Check Processing and ATM departments for 16 years. Ready for a change, he decided to work in technical support for a company that was writing software to backup Novell Networks and eventually Microsoft Networks.

Just before Gerald joined DATAIR, he spent a year doing contract work on a program to upgrade hardware and software for Y2K compliance with a large news gathering company.

Gerald admits to being a 'long suffering' Chicago Cubs fan—still waiting for the World Series title. And to a lesser extent, a 'long suffering' White Sox fan—still waiting for that World Series title. (The Cubs have not won since 1908 and the Sox since 1917. Now that's a die hard fan!)

What do you enjoy about your work at DATAIR, Gerald? "The working atmosphere, the people I work with and the customers I interact with on a daily basis make DATAIR a truly unique and great place to work."



# DATAIRbase, a Triple Play

By Gary Ward

**T**hree programs share the single relational database which we call "DATAIRbase". Initially, this was the database established by Client Manager/Task Manager. When Pension Reporter was converted to a Windows-based design it began accessing the same database. Now, with the Retirement Document System also in Windows, a third system has begun to use the same data. This is great, but only if you can truly understand what is going on behind the scenes.

A relational database is a construction of numerous "tables" of information. Each table looks like a spreadsheet—it has columns of information and a separate row for each record. Each column, or field, has a label to define a different piece of data. Some of these fields are seen in the various pieces of software as the information that is presented on screen, or in a printed report or form. Some of this information is only used internally either within the software for calculations, or within the database for organization.

The most important field is the "key" field, also known as the "index." This field is only used for the

organization of the database and is not presented anywhere in any software that accesses the database. The index is a unique number and is created for every record that is added to the table. Typically the first record added to a table has an index number of "1". The 95<sup>th</sup> record would have an index of 95, etc.

In a relational database pieces of associated information where one field is unique and another field may be replicated numerous times are stored in different tables. The unique field (something like the Company Name) is stored in one table, and the multiple entry field (something like the Plan Name) is stored in another table. Since a company can sponsor more than one plan this separation of data allows us to have the company information entered only once without having to reenter it for every plan that the company sponsors.

In this case the company, and all of its relevant information, is entered into the company table and during the entry process is given a unique index number (you don't enter this number, the software enters it for you as it creates the record). Then, when you create the first plan, a new record containing plan-related information is created in the plan table with its own unique plan index number. Within this plan table there is a field called Company Index. This field holds the unique index number of the plan sponsor in the company table. When you create the second plan you create a new plan record for that plan in the same plan table. This plan has its own index number that is different from the index number given to the first plan. However, the Company Index field holds the same index number of the same plan sponsor.

We now have a database of related information. Two distinct and different records in the plan table are linked to a single record in the company table. If the company changes its phone number and you enter that change in one plan you will find that it has also changed in the other plan because there is only one field in the entire database called Company Phone Number. This is the basic function of a relational database.

When Pension Reporter looks at the company information it is looking at the same information that is seen through the Document System. Both systems look at the same database and the company information in that database exists in only one table. This makes the relational database a wonderful tool and we think will be of great assistance to you in the operation of your company.

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## 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.

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## By the way...

**T**he 2002 1099-R's are now in Pension Reporter. You can fill out the forms and provide them to confirmed distributees now which will cut down on most of the January rush. Electronic filing will not be available until January, 2003, with test filings beginning in December. 

# Top Heavy Under EGTRRA

By Kristina Kananen, QPA, APA



**S**o, you thought top heavy was easy, eh? While some old rules for determining the present value accrued benefits or account balances are the same, adjustments to the accrued benefits for distributions has changed.

The basic rule of thumb is that if a distribution is made to a participant and that participant has not separated from the service of the Employer, you must include the distribution in the top heavy calculations for a 5-year period, ending on the top heavy determination date. If a distribution is made due to a separation from service, then you will only include the distribution in the accrued benefits of the distributing plan for a 1-year period ending on the determination date.

With the increase in the profit sharing maximum deductible contribution many employers have merged their money purchase plans into the profit sharing plan with account balances being transferred without the permission of the participants. These transferred amounts are included in the top heavy calculation as part of the profit sharing account balances and will be part of the profit sharing top heavy calculation until the lookback period has expired for any future distributions made from the transferred assets. So, if a participant in the money purchase plan finally terminates 30 years later, his money purchase rollover account is included in the profit sharing top heavy calculation until the one-year lookback period has expired.

Let us assume that the termination of the money purchase plan included participant elections as to whether they wanted to roll their money purchase balances to the profit sharing plan or to take a cash distribution. In this case, the amounts that are rolled over are included in the top heavy calculation until distributed and the lookback period has expired. The amounts distributed from the money purchase plan are included in the top heavy calculation for the 5 year lookback period, assuming the participants remain employed. So, Mr. Big has his money purchase account balance rolled to the profit sharing plan and it is included in the top heavy calculation until it is distributed to him and the applicable lookback period has expired. All the rank-and-file employees take cash distributions and remain employed by the employer, so their distributions are included in the top heavy calculation for the 5-year lookback period. Can you see what happens to the Profit Sharing top heavy status after the 5-year lookback has expired?

Another area of confusion is whether safe harbor 401k plans are included in the top heavy calculation after 12/31/2001. A safe harbor 401k plan for this purpose has **only** safe harbor employer contributions made to the plan. It is a member of the required aggregation group. If the group is determined to be top heavy, then the safe harbor 401k plan can be used to satisfy the top heavy requirements for the other plans, but it will never be considered a top heavy plan itself.

The safe harbor 401k plan issue needs further clarification from the IRS, as do some other top heavy issues. DATAIR will keep you informed as new regulations are issued.



**I**n case you haven't heard, in April, the IRS released Notice 2002-24 stating that a cafeteria plan itself no longer needs to file either a Form 5500 or an attached Schedule F to satisfy the Code Section 6039D filing requirement. Therefore, effective immediately, 5500s are no longer required for these three types of plans: Cafeteria Plans under IRC Section 125, educational assistance programs under IRC Section 127, and adoption assistance programs under IRC Section 137.

However, while cafeteria plans themselves are not subject to ERISA, component plans under a cafeteria plan that are subject to ERISA (e.g. health insurance, health FSAs, etc.) will continue to file Form 5500 on the same basis as they did before. Sec. 125 Plans with segregated plan assets or MFSA plans with more than 100 participants are two examples of plans that **MUST** still file a Form 5500. In the past, where a single Form 5500 was filed for both a cafeteria plan and an underlying health plan, the Schedule F had to be completed. Under this Notice, Schedule F is no longer required, but the 5500 continues to be required for the health plan.

Here's one more bit of good news. The Notice also suspends the requirement of filing "delinquent" submissions that were required solely for the purposes of Section 6039D. So if you have a client who has back 5500s, the IRS is providing blanket relief for all past non-filed 5500s.

To check on whether your plans come under the exemptions, check the 2001 5500 instructions or go to our website ([www.datair.com](http://www.datair.com)) and click on Other Websites of Interest. Then click on IRS Forms and do a search for 5500 Instructions. The exemptions are explained on pages 3 and 4.



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## Did You Know?



**F**orm 5558 Application for Extension should be filed with the IRS **BEFORE** the filing due date for the 5500 Series Government forms (as opposed to by the filing due date)?

This is especially important if you are requesting an extension for the Form 5330 on the Form 5558. The IRS needs to review your request and respond to you prior to the filing due date of the Form 5330. A copy of the Form 5558 is then returned to you before the due date so that if the extension is not approved, you can still file on time.

If your extension request is for the 5500 Series Government Forms only, the IRS will not return a copy of the Form 5558 to you as the 5500 Series Government Forms have an automatic extension. All you need to do is to attach a copy of the signed Form 5558 to the 5500 when you file it. Remember, the 5558 is NOT mailed to the same address as the 5500 Series Government Forms. Instead, use the following address: Internal Revenue Service, Ogden UT 84201-0027.



## 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.*

-  August 12-15
-  October 7-11
-  December 2-5

*For further details, please visit our website at [www.datair.com](http://www.datair.com), then click on 'System Training & Seminars'.*

## Current Software Versions



CA Cafeteria Administration .....	4.54	QP Qualified Plan Distribution .....	2.00
CD Cafeteria Plan Document .....	1.24	PA Plan Accountant .....	2.03
CM/Win Client & Task Manager .....	1.04	PE Pension Administration .....	3.17
DE Data Entry & Review .....	1.13a	PR/WIN Pension Reporter .....	1.10
DS/Win Document .....	1.01	PT Participant Term. Calc .....	2.02
DV DATAIR Voice .....	1.02	RD Retirement Plan Doc .....	1.41
FA FAS 132 Reporting .....	2.01	RW Report Writer .....	3.17