

The DATAIR News

News for the DATAIR Pension and Benefits Professional

WINTER

1997

From the Top

by Aaron Venouziou

Winter is a time for reflection. Looking back at 1997, I see much effort and much success. We have shared with you the fruits of our labors. We released our first WINDOWS platform product, Client & Task Manager, for Beta Test, in 1997. DATAIRVoice, our WINDOWS IVR system, is ready to speak to plan participants.

It was a very good year. It was another year of good sales and of adding good people to our team. 1997 saw us welcome two experienced WINDOWS systems developers to our programming staff and two seasoned plan administrators, one to the customer support staff and one to marketing/sales. We have accomplished much through their, and all our staff's efforts.

Thank you for the good year we had. Some of you joined us as customers in 1997. Many of you added features, sites and new products to your license. You made our Regional Training and User Group Meetings a success. You kept us on our toes, challenging us to do our best for you.

Looking ahead to 1998, I see much work and the successes that it will bring. Pension Reporter (our system for generating Annual Report Form 5500 and related IRS, DOL and PBGC forms) will be released on both DOS and WINDOWS platforms, later in the year.

Modules of the Pension Administration System for WINDOWS will also become available during 1998. We will release a WINDOWS version of FlexPlus, the system for administration of cafeteria plans, late in 1998, as well.

We will update our qualified plan prototype and volume submitter specimen documents for all current legislation and submit them to the IRS, early in 1998. These documents will become available to you, through a WINDOWS version of RDS, after IRS approval, perhaps late in 1998.

We have much to do to make all of this reality during 1998. With your suggestions and advice, and the efforts of our talented staff, we will work together to make 1998 even more successful for all of us. 1997 was good. 1998 will be great!

From me, and everyone at DATAIR, we send our wishes for a happy and prosperous New Year!



DATAIR's Profile

by Laurie Brophy

You walk in and are greeted by a life-size Marilyn Monroe cutout, a lighted goose, a Lava Lamp, glow-in-the-dark Silly Putty, and a genuine Popeil Pocket Fisherman. "Where am I?", you ask. In a retro store? A time warp? A bad 60's dream? No. Welcome to Randy Glancy's office at DATAIR.

Randy provides support and training on the Defined Contribution, Data Import, Data Entry and Report Writer Systems. In addition to systems training here at our Westmont office, he conducts on-site training classes, as well as some of the regional 'on-the-road' classes.

Before he took benefits on the road, he traveled with his music first. After graduating from Augustana College in 1978, he decided to play music for a living. So how did he move from musician to pension raconteur?

Randy joined Washington National Insurance where he started doing proposal work for the agents using the DATAIR system in 1980 (remember punch cards?). From there he went to a subsidiary, Washington National Trust, where he was in charge of systems and accounting until they left the administration business in 1986. Enter DATAIR, and the rest, as they say, is history.

Randy still plays professionally and his wife, Michele, sings in the twice International Gold Medal winning, Sweet Adelines Chorus, the Melodeers.

What's notable about DATAIR? "One of the great things about being here is working with a bunch of very smart, very interesting and yet slightly 'off center' people!"



News to Use

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1997 User Group Meeting Feedback

by Judy Ringlein-Dunn

Thank you! Nearly 70 subscribers attended our User Group Meeting, held in conjunction with ASPA's Annual Conference. It was a valuable meeting for us. The program evaluations you returned told us it was valuable for you, too. Thank you!

How can we make the 1998 Meeting even better? We asked our attendees. This article is asking YOU!

The consensus from the program evaluations is that we should continue to hold the User Group Meeting the day of ASPA registration. Next year, ASPA registration will be Sunday, October 25.

The evaluations indicate that we had an interesting and balanced agenda for the 1997 meeting. For example, 4 evaluations mentioned that we spent too little time reviewing current legislative changes, while 2 indicated that we spent too much time in that area. Most of those who returned a program evaluation either said the balance was fine or did not comment in the "MORE time" and "LESS time" areas. In 1998, though, we will try to find time for all of the items noted in "Next year, I would like you to cover..."

On the house-keeping issues, the consensus appears to be "don't change." Three attendees mentioned difficult viewing in the Conference Theater. One person asked that we serve lunch, rather than have a buffet. However, 8 respondents specifically asked that we don't change a thing.

The consensus may not address YOUR firm's needs, though. If you did not attend in 1997, what should we change so we'll see you in 1998? If you did attend in 1997, but did not return a program evaluation, how does your opinion vary from the consensus? Please let us know how we can make the 1998 meeting better for you! If you have suggestions for our 1998 User Group meeting, please FAX (630-325-2660) or e-mail  Laurie Brophy (laurieb@datair.com).

File Your 1099-R's Electronically with the Pension System

by Randy Glancy

The time is once again at hand to start gearing up for the annual 1099-R ordeal. This year, consider filing your 1099-R's electronically. If you have a laser printer, you can print the employer and employee copies on plain or pre-perforated paper. Instead of sending the IRS the red copy of each of the forms along with a 1096 for each plan, you can send them a diskette. Here's what you need to do.

First, you must file a form 4419 with the IRS to receive your Transmitter Control Code. You must have the transmitter control code in order to file magnetically or electronically. Fill in the data for the 4419 in Cycle T from the Main Menu of the Pension System and print the form on your laser printer. The mailing address for the form can be found by pressing F1 on the third screen of the print cycle (cycle 3). IRS Pub. 1220 has more information on the transmitter control code and filing magnetically or electronically. You only need to file this form once.

Next, make sure that Screen 35 contains all the necessary information about the participant and the distribution. The system will make assumptions about some of the items and use default values for others. Check and make sure that everything is correct before you begin printing the forms and/or putting the information into a file for transmission to the IRS.

The last step is to create the file that will be transmitted to the IRS and print your forms. Print the 1099-R summary to make sure that the information is correct before it is written to the file. This summary is also your record of 1099's produced for a given plan. Choose the electronic filing option from the print selections and the file IRSTAX will be created in your data directory. This file can hold thousands of records so you only need to send one diskette to the IRS instead of a pile of red copies. Instead of a 1096 for each plan, you only need to send form 4804 (Transmittal of Information Returns Reported Magnetically or Electronically) and the 4802 continuation if needed. Your laser printer will print these on plain paper along with diskette labeling instructions. Copy D for the employer is printed 2 to a page on plain paper. Copies B, C, 1 & 2 for the employee can be printed 4 to a page using plain or pre-perforated paper.

NELCO, Inc. is one source for the pre-perforated paper or for pre-printed forms if you choose not to file electronically. They can be reached at:

3130 S. Ridge Road
PO Box 10208
Green Bay WI 54307-0208
phn 800-266-4669 fax 800-996-3526
<http://www.nelcoinc.com>

You can also use Pension Reporter to do your 1099-R filing. Employee information can be transferred from the Pension System or the information can be entered for each employee for

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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.

Procedure to Add a QNEC and a QMAC to Pass the Multiple Use Test

by Gary Ward

The regulations for §§401(k) and 401(m) allow for the addition of a Qualified Non-Elective Contribution (QNEC). This contribution must be non-discriminatory and may be used to help pass either the Actual Deferral Percentage Test (ADP) or the Actual Contribution Percentage Test (ACP). In the case where a QNEC is used in the ACP test it is commonly called a Qualified Matching Contribution (QMAC). A QNEC and a QMAC must be 100% vested and are treated as Employer Contributions for the Annual Additions Limit and the Top-Heavy Test.

With these details in mind, setting up a QNEC is fairly simple. However, if you need to add both a QNEC (to help pass your ADP test) and a QMAC (to help pass your ACP

test) you will need to follow the procedure shown below.

Screen 14 of the DATAIR Defined Contribution System is used to define the type "O" account as a QNEC, to allocate either a percentage of compensation or a flat dollar amount, to include or exclude Highly Compensated Employees in the allocation, and to designate which test will use

the QNEC. Since the same contribution cannot be used in both tests, when you need both QNEC and QMAC one must have two distinct accounts, one for each test.

Essentially, this procedure will first allocate the QNEC, then allocate the QMAC (at which point you will run your ADP, ACP and Multiple Use Test). Finally, you must designate both contributions as Employer Contributions for your Annual Additions Limit and the Top-Heavy Test so you can allocate your Employer Discretionary Contribution properly.

1.) Add two new accounts, both as type 'O' (Other) accounts and call one "QNEC" and the other "QMAC." Set the election percentage on the QNEC to 100%. Leave the election percentage on the QMAC blank. The **Short Valuation Frequency—Period Date (end)** and the **Valuation/Allocation Date** on Screen 10 should be at least 2 days before

the end of the plan year (for example, in a calendar year plan change these dates to 12/29/97). On Screen 14 indicate "Yes" to **Acct. Type 'O' (Other) Is 100% Vested Employer Cont.** If you do not want HCEs to share in the QNEC indicate this with a "No" in the **'Other' Cont to Highly Compensated** field. Determine the percentage of contribution needed to pass the ADP test through "trial and error" or run the ADP test first and use the recommended QNEC as a starting point. Change the percentage input in the field labeled **Percent of Compensation for Other Contribution** until your test passes.

2.) Make a copy of the Plan and then Update. Change the **Short Valuation Frequency—Period Date (end)** and the **Valuation/Allocation Date** on Screen 10 to at least 1 day before the end of the plan year (12/30/97). Change the account type of the QNEC account from a type 'O' to a type 'I' (IRA) account. Change the election percentage on the QMAC account to 100%. Go to Screen 14 and make any necessary adjustments to the HCE inclusion and input your QMAC percentage. Code the field labeled **Contributions in 401(k) Test** a "4" to include the type 'I' (IRA) account, and code **Contributions in 401(m) Test** a "3" to include the QMAC type 'O' account. Set **Adjust 401(m) Cont for Multiple Use Test** to "Yes." Run and print your ADP and ACP tests. Make your adjustments as necessary. When your test passes, print a hardcopy and keep it.

3.) Make a copy of the Plan and then Update. The **Short Valuation Frequency—Period Date (end)** and the **Valuation/Allocation Date** on Screen 10 should both be the last day of the plan year (12/31/97). Change the QNEC account back to a type 'O' account and leave the QMAC as a type 'O' account. Clear the election percentage in the QMAC. This will prepare you for next year if you have to do this procedure again. Clear the contribution amount on Screen 14. Do not print the ADP and ACP tests on this run. They will not be correct because they will have the same account type.

...when you need both QNEC and QMAC one must have two distinct accounts, one for each test.



TELL US HOW WE'RE DOING...



...and you can enter our contest to win DATAIR Bucks! To qualify, have each person at your firm who uses DATAIR software fill out this survey and return it before February 1, 1998. The more users that enter from your firm, the greater your chances are to win \$50 of DATAIR bucks.

DATAIR is conducting a survey to determine where we can improve. The survey is an important component of a broader performance monitoring program being established to cultivate ongoing improvement. Each December this survey will be repeated so that trends may be charted and new goals established to address *your* changing needs. The information you provide will help us understand your needs. The better informed we are, the better we will be able to serve you.

Our goal is to have 90% of all incoming messages returned within two (2) hours and to provide quick, complete, and courteous service. So please take a moment to give us your feedback. The results of this survey will be posted in the next issue of *The DATAIR News*. Thank you for your time and cooperation.

Customer Service Goal: To have 90% of all incoming messages returned within 2 hours.

- How important is that level of response to you?
 extremely very moderately slightly not important
- How often do we meet the 2 hour response goal? _____% of the time (e.g. 90%, 80%, etc.)

Problem Resolution Goal: To provide an answer, solution, fix, etc. as soon as possible!

- How important is it that we have a quantifiable goal for problem resolution?
 extremely very moderately slightly not important
- If so, is 80% of all questions answered and problems resolved within 48 hours an acceptable goal?
 Yes No (*please specify*)

Customer Relationship Goal: To be consistently pleasant and responsive to your needs.

- How often do you find the Customer Support staff pleasant and responsive in their dealings with you?
 always frequently occasionally rarely never
- How often do we give complete and accurate answers?
 always frequently occasionally rarely never
- Rank the quality of your contact with DATAIR's Customer Support staff on each of the following items using a scale of 1-5, 1 = the area that needs the most improvement and 5 = our best area.
 ___ Speed of initial response
 ___ Speed of problem resolution
 ___ Product knowledge
 ___ Customer support representative attitude and manner
 ___ Other _____

Clip out and return

8. Please rank the elements of customer support by what is most important to you on a scale of 1-5, with 1 being the least important and 5 being the most important.

- ___ Speed of initial response
- ___ Speed of problem resolution
- ___ Product knowledge
- ___ Customer support representative attitude and manner
- ___ Other _____

Customer Support Delivery

9. Which support delivery modes do you currently use? (select as many as apply)

- Phone
- Fax
- E-mail
- Website
- Newsletter
- Release Notes
- System Help

10. Of these, which is the most important to you now? (select one)

- Phone
- Fax
- E-mail
- Website
- Newsletter
- Release Notes
- System Help

11. How do you see your answer to question #10 changing in the future?

"I will be using _____ more and will rely on _____ less."

12. Which delivery system would you like us to improve first? (select one)

- Phone
- Fax
- E-mail
- Website
- Newsletter
- Release Notes
- System Help

13. We are planning on changing our telephone system to be more automated and include voice mail. We will have system-based (e.g. PE, RDS) voice mail boxes for initial support calls, with the ability to "reach" a human operator at any time during a phone call. How important is this change to you?

- extremely
- very
- moderately
- slightly
- not important

14. Do you have any reservations or concerns about our telephone system change? If so, please explain:

- No
- Yes (please specify) _____

15. Is there something in our billing, marketing or other practices that we should change to improve customer service?

- No
- Yes (please specify) _____

16. What ways would you suggest DATAIR improve its customer service? _____

Thank you for your time. We are committed to providing you with 100% customer satisfaction, and with your input, we can make that happen!

To be eligible to win \$50 of DATAIR Bucks—which you can apply to any DATAIR fee or charge—please fill out this information and return via fax (630) 325-2660 or mail to DATAIR, Attn: Customer Support by February 1, 1998.

Name _____

Company _____

Address _____

City, State, Zip _____

Phone _____ Fax _____ E-mail _____

 **DATAIR Employee Benefit Systems, Inc.**
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Westmont, IL 60559-1100
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ROUTE TO:



1998 Westmont Systems Training & Seminar Schedule

Master the tools and fundamentals of pension administration through DATAIR's step-by-step system training classes in 1998. We are also offering 2 one-day pension seminars throughout the year: Pension Essentials (formerly Pension Basics) and New Comparability and Cross-testing Issues, as well as a breakfast meeting on Current Events.

-  February 9-13
-  April 20-24
-  June 15-19
-  August 10-14
-  September 14-18
-  November 16-20
-  December 7-11

For further details, visit our website at www.datair.com,

1998 Regional Schedule

We are excited about the changes we made to our 1998 Regional Schedule. We have added training on our latest Windows 95™ Client Manager System and will be offering separate training on our Data Handling Issues: 1/2 day of Data Import/Data Entry and a full day of Report Writer.

DATES	LOCATIONS
 May 4-8	Orlando, FL
 May 18-22	Las Vegas, NV
 July 6-10	Philadelphia, PA
 August 24-28	San Jose, CA
 Sept. 28-Oct. 2	Dallas, TX

Current Software Versions



PE Pension Administration	3.03	PA Plan Accountant	2.02
PR Pension Reporter	4.55	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