

ftwilliam.com PPA Document Overview and What to Expect for Restatements Webinar

Questions & Answers

November 5, 2013

Future Training Sessions: Several webcast listeners asked about future training. We have a much more in-depth training program planned for early 2014. Details are still being finalized but we are envisioning offering several 1-2 hour long training sessions on a particular topic (service, distributions, allocations, etc.) that will likely be concentrated over a 1-2 week period. Sessions will be recorded and available for customers to view on an as-needed basis. We imagine these trainings will be a helpful resource for new staff in the future as well.

General

Q: If I have applied for a letter in our name for VS 401k, do I have to do an additional fee for the Answers-Only version, or is this a printing option?

The Answers Only version is considered a different plan type by IRS. If you want a letter in your name for that type, it is an additional fee.

Q: Can we get/print out a copy of this handout?

You can find the handouts and recordings for this webinar at:
<http://www.ftwilliam.com/webinar.html>

Q: In the PPA document, will the users be able to modify or set default selections to the questions? In the EGTRRA Doc, the doc defaults to Top 20% for HCE determination but this is rarely used by my company when writing documents.

Please contact support - you can change your default answers in the system at any time. Please also note that we have enhancements planned for our defaults and our cloning function.

Q: Are you going to change your language for disability payments so they can be made without a termination of employment?

Yes.

Q: If you name someone other than Plan Sponsor as Plan Administrator, will we be able to enter their address, phone number and EIN or will it still default to address of Plan Sponsor only?

Yes, you will be able to enter other address/contact information.

Q: How often is the data saved in the event of a website time out due to inactivity?

Currently in the documents system, it is saved anytime you click "Update". If you click "Update" on a page even after you have timed out, the data is saved.

Note that for PPA and new user interface (not yet released) we are planning to eliminate the update buttons and data will be saved anytime you update a checklist question on the screen.

Please note that you can increase the time before you are logged out for inactivity (Admin Menu -> Account Profile).

Minor Modifications

Q: What is considered a minor change? Would it mean if you write something in the "other" box?

The IRS doesn't have a specific definition of "minor change" or "minor modification." Writing something in the "other" box will not be considered a minor modification as long as the language is not "too long" and complies with the notes for the particular question.

Q: Does a minor amendment to a Vol Sub document affect reliance on the Vol Sub's IRS favorable opinion letter, and require submission on Form 5307 to continue its pre-approved status?

Minor modifications can be made to the Volume Submitter documents without losing the pre-approved status. Minor modifications should be accompanied with the submission of a Form 5307 for volume submitters. This is why we generally recommend the Volume Submitter document

New Section B.10 Eligibility; Service Requirement for Elective Deferrals

Q: If you choose month period without hours of service requirement, and rolling method, couldn't that keep out part time workers that may meet 1000 hours?

No. Whether one chooses B.10a.v (Hours of Service within specified months); B.10a.vi (Consecutive months of continuous service); B.10a.vii (Other service requirements), and the Plan uses Hours of Service method, the service requirement under B.10 shall be deemed met no later than the end of an Eligibility Computation Period during which the Eligible Employee completes 1,000 Hours of Service.

Q: What if you want to use the anniversary year for the successive years? If bi is chosen and they don't meet it in the next 3 months, do you eventually have to revert to the 1,000 hours?

Yes, you eventually have to revert to 1,000 hours in the eligibility computation period at the end of the first year of service in order to comply with the internal revenue code (although the computation period does not have to change to the plan year and could remain at anniversary).

Q: 10b – rolling ---- what about continuous – such as 3 month period starting Jan-March – then Feb – April, then March May?

We assume that most plans do not want the administrative hassle of checking this every month. It

could be entered under "Other".

Q: So if 10b is NOT checked. The designation remains in place after the divorce?

Correct.

Prototype vs. Vol Sub

Q: What reason (if any) should a plan sponsor use a prototype for the PPA restatement?

Many of the key differences between prototype and volume submitter documents have already been eliminated over time. While we generally recommend the Volume Submitter documents, there are some instances where one may want to use Prototype: standardized plans certainly offer significant administrative simplifications and perhaps a service provider simply wants to eliminate any options for customizations and prefers to tell clients that changes cannot be made to the plan,

Q: If we are changing our documents from a prototype to a Vol Sub doc, do we need to do the conversion before the PPA restatement?

Not necessarily. We expect the batch conversion tool *may* have a way to change the plan-type for a particular batch. (The programming for this tool cannot begin until the documents are finalized so we just do not yet know which options will be available).

Q: Has there been any development in how using an outside Trust Agreement affects the reliance of the FDL issued to the Vol Sub or PT document?

Unfortunately, no. Currently, if you are using an outside trust you should have that trust company submit language to ftwilliam.com so that we can submit the language for pre-approval with our documents. Before we will submit an outside trust, we need assurances from the trust company that 1) they agree to have the language submitted on their behalf and 2) the trust language is standard and would be applied to any ftwilliam.com customer using the trust company's outside trust language.

If the trust language is not pre-approved and you need to use the outside language we recommend using a volume submitter and submitting the trust and document on a form 5307 as a minor modification.

An alternative is to have the trust company review and agree to use our trust language. We have found this approach to work quite often in our experience.

Safe Harbor

Q: Can you now only have the greatest age/service under 410(a)(1)(A) for safe harbor and not anything different? For example; 6 months service and quarterly entry for the non-elective safe harbor.

No. We have an option for other age and service.

Q: Under D.11, Allocation Times for Matching Contributions, it says for "Fixed matching contributions". What if you have a Safe Harbor Basic Match and a fixed match on top with different contribution times? What if you want to specify a discretionary match but make it

quarterly in the doc?

If you have two allocation timeframes for fixed match then I think you need to select "At such times as may be determined by the Company".

If you have a discretionary match, that can be allocated at any time per the note "*Discretionary Matching Contributions (if selected in D.6) may be allocated at a time other than that selected in D.11. However, if C.1a.ii or C.1a.v (safe harbor match) is selected, no Highly Compensated Employee can receive a greater rate of Matching Contributions than a Nonhighly Compensated Employee at the same rate of Matched Employee Contributions.*"

Portal

Q: When published to the portal, can an additional file be generated that contains only the "signed here" pages needed?

I think this is something we can add to our enhancement list. We feel we have to ask -- why not e-sign?

Match

Q: Did you address "true up" or "timing" of match? I believe the current doc doesn't address this, but am not sure.

The current EGTRRA document does address true-ups and we do not plan to change this for PPA. Both documents provide in the BPD that true-ups are optional.

MEPs

Q: We've received conflicting info regarding MEPS from a couple of ERISA attorneys we've consulted. What is your opinion regarding the plan numbers in an existing plan. Should they remain in their original plan number or should the plan number change?

If it is truly a MEP and not an aggregated plan arrangement, then the MEP is one plan and should have one plan number. A plan number is primarily used when filing 5500s. MEPs file one 5500.

Batch

Q: Is there a way we can code plans that we no longer serve, so they do not appear in the batch?

Yes, see "Resp for Plan" at the top of section A. If you change this to "No", it will no longer appear in your document batches.

Q: Will the batch software convert a Vol Sub IDP to a Vol Sub Prototype?

The software does this now. See the question above for a response related to the batch conversion.

Q: Could any of these batch (grid) checklist items require a subsequent plan amendment and if so does the system provide a list of the amendments that would be needed based on the changes made?

I think this question relates to the batch safe harbor notice grid. The grid does not permit changes to checklist questions that are found in the document.

Allocating investment

Q: Is the method of allocating investment earnings/losses in the main basic plan document or am I simply overlooking the section in the handout? I am used to Relius documents so I am still new to the FTW document format.

The method of allocating earnings/losses is not found in our document.

Q: Auditors want to know where this is in the document. How do we respond? Is the IRS ok with the practice of how earnings are allocated vs the vagueness in the document?

I think you can respond that it is not found in the document and clarify that the document is pre-approved. The auditors should not be challenging pre-approved document language.