

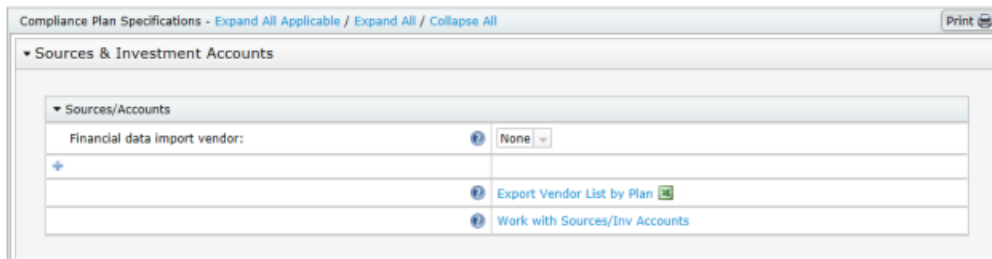
Part 4: Plan Specifications

10/29/2024 1:49 pm CDT

Select Plan Specifications from the Compliance Menu to set up, review or edit the plan specifications; it is very important to ensure the plan specifications are accurate and that overrides are correctly selected. Please see the Help buttons for questions on specific plan specification options and for examples of how to complete the specifications for certain plan designs. If you use ftwilliam.com for plan documents, the plan specifications will automatically be loaded onto the Compliance system for the plan. Otherwise specifications will be based on defaults that you have set up (in ZZZ-Default plans described under Add New Plan Year End). To make a change to plan specifications, click on one of the sections to expand them and complete or change the checklist item as required. You may need to change some checklist items if the plan document has changes that do not take effect until a future year.

4.1. Sources & Investment Accounts

This section contains the vendor selection, which is used if transactions from a specific vendor are being uploaded into the system. It is also where the “Work with Sources/Inv Accounts” link is found.



The screenshot shows a web application window titled "Compliance Plan Specifications - Expand All Applicable / Expand All / Collapse All" with a "Print" button in the top right corner. The main content area is titled "Sources & Investment Accounts" and contains a sub-section "Sources/Accounts". Within this sub-section, there is a table with the following rows:

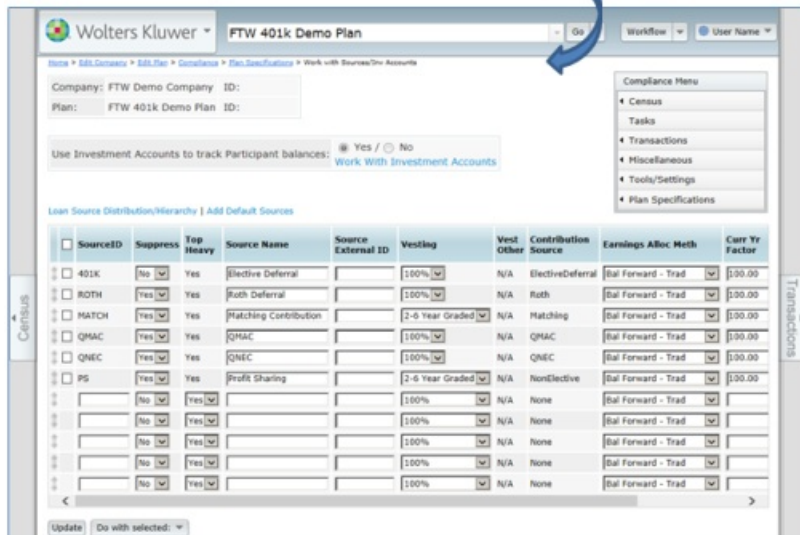
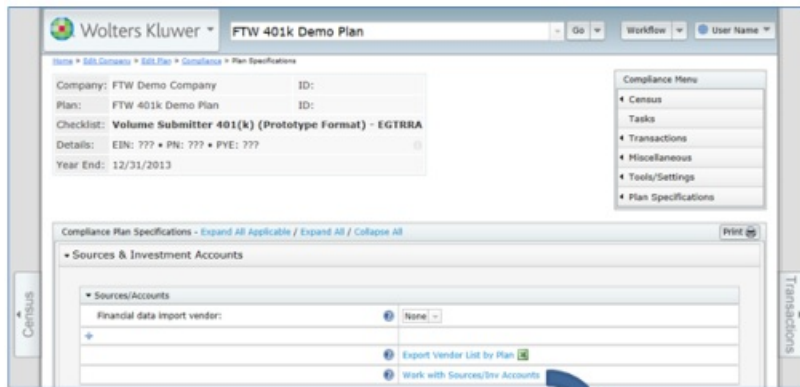
Financial data import vendor:	None
	Export Vendor List by Plan
	Work with Sources/Inv Accounts

Financial data import vendor

Press the drop down box next to Financial data import vendor to select the asset custodian from which you plan to upload transaction files. Selecting a vendor will make the Financial data import ID code field active. This is where you enter the vendor specific account ID. If you plan to upload files from a vendor not listed you should select “Generic”. Check with support@ftwilliam.com to get a sample format for your upload.

Work with Sources /Inv Accounts

Sources and investment accounts (if applicable) need to be set-up in order to properly create transactions for a plan or to use the loan module. Press the “Work with Sources/Inv Accounts” link to review the applicable sources and/or investment accounts for the plan.



Work with Sources

Below each feature will be discussed as appears on the page from left to right:

- **Suppress.** You may suppress sources (e.g. QNECs and QMACs) under "Suppress" if you know they will not be used in the plan year and/or you do not want them to appear on statements.
- **Top Heavy.** You should note whether or not any sources you add will be considered for Top Heavy purposes (i.e. sources rolled over from an unrelated prior plan should show the Top Heavy indicator as "No"). Contribution sources will always show as "Yes" for top heavy purposes and you will not have the ability to modify this.
- **Source name / description.** The contribution sources will be shown based on plan specifications with default names and descriptions. These are the sources to which the Compliance system will make allocations. You may change account names and account descriptions if you use different descriptors than our system.
- **The external ID for a source** is used if you are linking the plan to an asset custodian. You can map these external sources to ftwilliam sources on the Transaction Menu as described below.
- **Vesting.** Vesting shows the vesting schedule as indicated in the plan specifications. Note that some accounts will not let you modify the vesting schedule to something other than 100% (e.g. Elective Deferrals). If the vesting schedule is "Other6" you will have the opportunity to enter information about the other vesting schedule under the "Vest Other" column. The format that this information must be entered is as 6 numbers separated by a semi-colon (with no spaces): "year0;year1;year2;year3;year4;year5" (year 6 will be 100%).

For example, a four year graded vesting schedule would be shown as follows: "0;25;50;75;100;100". In this example, a participant is 0% vested is she or he has less than one year of service; is 25% vested after one year of service; 50% vested after two years of service; 75% after three years of service and is 100% vested after four or more years of service.

- **Contribution Source.** This tells the user which source contributions are made to. If it is a manually added

source (not system generated), this will display as “none” as manual sources cannot receive contributions.

- Earnings Allocation Method. Here you can select the method to be used to allocate balance forward earnings. If you select “Bal Forward - Trad” then earnings will be allocated based on beginning balance minus all amounts going out during the earnings period. “Bal Forward - All Trans” will use the beginning balance, minus amounts going out, plus all additions apart from contributions.
- Current Year Factor. This indicates what percentage of the current year amounts, apart from contributions, added and removed from the plan, are taken into account in the balance forward earnings calculation.
- Current Year Contribution Factor. This indicates what percentage of the current year contributions are taken into account in the balance forward earnings calculation. You might select 50% for elective deferrals as they typically come in through the year, and 0% for non-elective contributions as they are generally added after the close of the plan year.
- Account Information. Here you need to indicate which investments can be used for each source. Click the “Add” link and select all investments that may be used under that source. Note that the Contribution Percent column is not active; you will see an error message if the sum of all the entries in that column does not equal 100 but you can disregard it. Click “Update” once you have selected all the investments that could be used for that source. Once you have added investments you will see a link to “Edit” rather than “Add”. You can click this to make changes. Please note that you only need to add account information if you are using investment accounts.

Do with Selected

At the bottom of the screen, next to the Update button, there is a “Do with selected” option. Clicking the arrow on this button will give the user the option to edit account info, suppress, un-suppress or delete the sources that the user checks above. This is a time saving method, giving users the ability to do a task for multiple items, one time. For example, if an investment account needs to be added to four out of six sources, the user can check the four sources then select the “Edit Account Info” option. The system will make the changes only for the selected sources. Please note that in order to save the changes, the “Update” button must be pressed.

SourceID	Suppress	Top Heavy	Source Name	Source External ID	Vesting	Vest Other	Contribution Source	Earnings Alloc Meth	Curr Yr Factor
<input type="checkbox"/> 401K	No	Yes	Elective Deferral		100%	N/A	ElectiveDeferral	Bal Forward - Trad	100.00
<input type="checkbox"/> ROTH	Yes	Yes	Roth Deferral		100%	N/A	Roth	Bal Forward - Trad	100.00
<input type="checkbox"/> MATCH	Yes	Yes	Matching Contribution		2-6 Year Graded	N/A	Matching	Bal Forward - Trad	100.00
<input type="checkbox"/> QMAC	Yes	Yes	QMAC		100%	N/A	QMAC	Bal Forward - Trad	100.00
<input type="checkbox"/> QNEC	Yes	Yes	QNEC		100%	N/A	QNEC	Bal Forward - Trad	100.00
<input type="checkbox"/> PS	Yes	Yes	Profit Sharing		2-6 Year Graded	N/A	NonElective	Bal Forward - Trad	100.00
<input type="checkbox"/>	No	Yes			100%	N/A	None	Bal Forward - Trad	
<input type="checkbox"/>	No	Yes			100%	N/A	None	Bal Forward - Trad	
<input type="checkbox"/>	No	Yes			100%	N/A	None	Bal Forward - Trad	
<input type="checkbox"/>	Yes	Yes			100%	N/A	None	Bal Forward - Trad	
<input type="checkbox"/>	Yes	Yes			100%	N/A	None	Bal Forward - Trad	

The screenshot shows a table with columns for SourceID, Suppress, Top Heavy, Source Name, Source External ID, Vesting, Vest Other, Contribution Source, Earnings Alloc Meth, and Curr Yr Factor. A dropdown menu is open over the table, showing options: Edit Account Info, Suppress, Un-Suppress, Delete, and Do with selected. The 'Do with selected' option is highlighted.

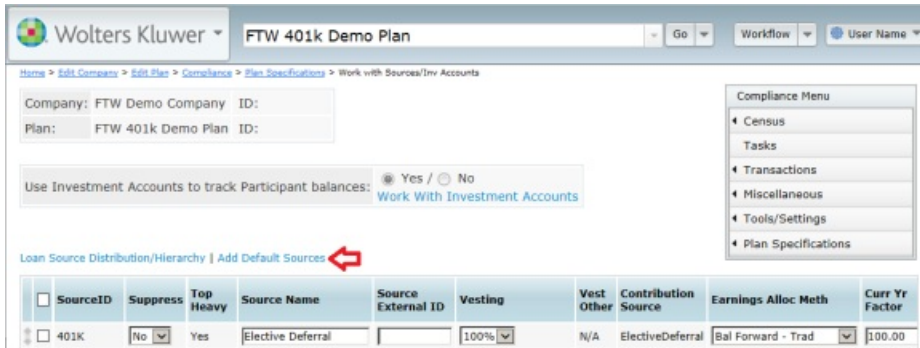
Matching Accounts

There are three possible accounts for matching contributions: "MATCH", "MATCHSH", and "MATCH100". You may or may not use all of these accounts depending on your plan specifications. The account labeled "MATCHSH" is used for safe harbor matching contributions and will be 100% vested. The Account "MATCH100" will be used if the plan has specified matching contributions that are 100% vested but other matching contributions that are less than 100% vested. The contribution account "MATCH" is the only matching contribution account that can have a vesting schedule and will be used for non-safe harbor matching contributions subject to vesting.

Add Default Sources

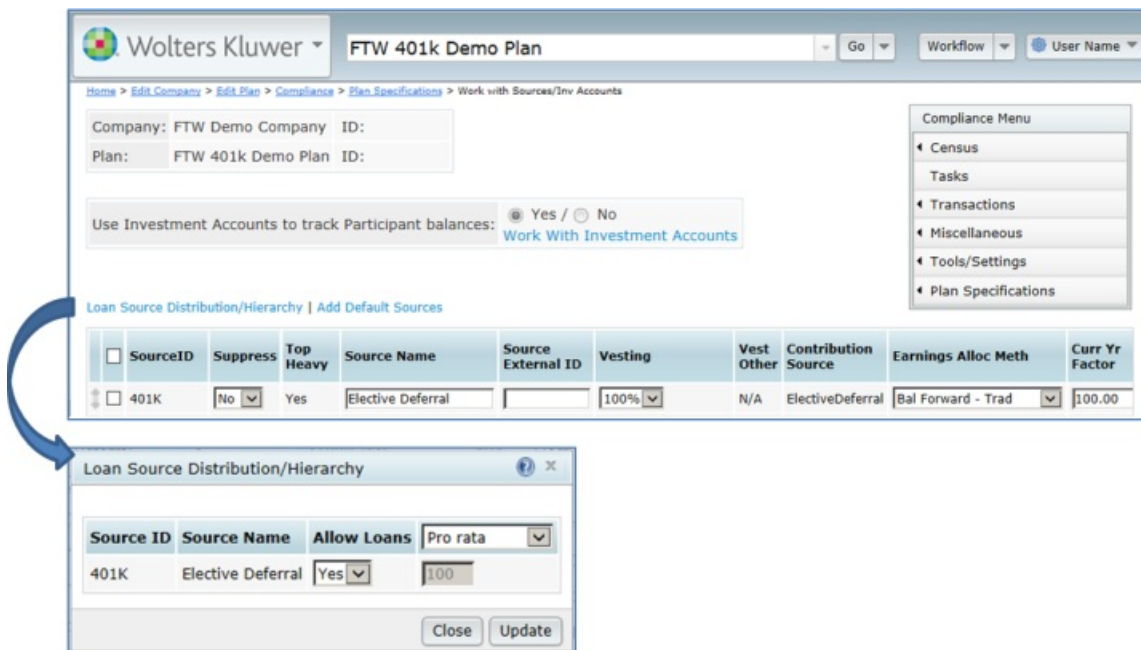
Clicking the “Add Default Sources” link will add all sources that are applicable to the plan, as set up in Plan

Specifications. This is typically used after a plan document change, such as changing a non-safe harbor plan to be a safe harbor plan. Only sources created by the system will permit contributions in the transaction menu. To this end, if a source is missing from the source grid, it is a best practice to first review the permitted sources in Plan Specifications à General Features and Plan Specifications à Contributions, make the necessary changes if applicable; then use the “Add Default Sources” link to add the missing sources.



Loan Source Distribution/Hierarchy

Clicking the “Loan Source Distribution/Hierarchy” will open a box where the user will verify the sources that loans can be taken from. Set sources to “Yes” for sources that loans may be taken from and set to “No” if loans are not permitted from the applicable source. Be sure to click “Update” to save your changes. Click the Hierarchy drop down box to set up the hierarchy for loan distributions by source, again either pro rata or ordering rule. Click “Update” to save your changes, then return to the Source Setup page.



Work with Investment Accounts

In general, investment accounts should be added if you need to have the system allocate earnings and/or if you have more than one place money is held. No investment accounts are needed if uploading from only one vendor and no earnings allocation will be calculated by ftwilliam.com. If you will not be using investment accounts, set “Use Investment Accounts to Track Participant Balances” to no, otherwise set this to “Yes”. When “Yes” is selected, the “Work with Investment Accounts” link will appear. Click this link to enter investments.

You may add each investment being used by the plan as shown in the screenshot below. A description of each of the columns follows:

- Arrows – Click on the arrow and drag up or down to change the position of the investment.
- AccountID - this is the unique identifier for the investment used by the system. For amounts held with an asset custodian you should use “Vendor”. Other typical IDs are “Pooled” for a pooled account, “Brokerage” for a brokerage account and “Loan” for the loan fund.
- Account Name - you can assign a name to the investment; this name will be used to identify the investment on other screens and on reports. You may want to use the name of the asset custodian for the vendor account; otherwise you should use something that will easily identify the investment both to you and other system users.
- Account Description - this is a field you can use to enter more detailed information about the investment; it is not used in any other areas or reports.
- Type - select “Brokerage” for brokerage accounts and “Cash” for all other investments. “Unit” is not currently an active option.
- Del – Press the garbage can icon to delete an investment. If the icon does not appear for an investment, this means that the user has not yet pressed the “Update” button and can just erase the text entered in the fields (see Loan investment in the screenshot above for an example of this).

Checking the box to “Add all Investments to all Sources”, automatically adds every investment account setup here to every source on the source page once the “Update” button is pressed. After pressing the update button, a pop-up box will appear, asking the user to confirm that they wish to add all Investments to all sources. Press “Yes” to instantly add all investments to all sources. Press “No” to cancel this operation.

Loan Inv Account Distribution/Hierarchy

If the plan is using the Loan Module you will also want to indicate which investments can be used for loan issue. Select “Yes” from the drop down box for each of the investments that can be used for loans. Note that the Loan Fund should always have “No” selected. You should also ensure that the designated loan fund is correct under “Select Loan Account”. Next click “Hierarchy” and indicate whether loans should be issued pro-rata from all

applicable investments or whether the ordering rule is used. If you choose “Ordering Rule” you will need to indicate the order by using the sequence numbers.

Account ID	Account Name	Allow Loans	Pro rata
POOLED	Pooled	Yes	100
LOAN	Loan	No	110

Select Loan Account: LOAN

4.2. General Features

This section contains the basic information about the plan such as the plan type, plan year begin date, plan year end and original effective date. It also contains the permitted contribution sources and compensation options. For the first plan year on the system, make sure all dates are in numeric format as specified in the instructions to the left of the date field. Additionally, if you want to use employee number, rather than social security number as the unique participant identifier, you should indicate this here under “Enter ID for Participant Upload/Download:”.

General Information	
Enter plan type:	401(k)
Enter Plan Year begin date:	01/01/2013
Indicate whether the Plan is Active:	<input checked="" type="radio"/> Yes / <input type="radio"/> No
Enter ID for Participant Upload/Download:	SSN
Select method to capture employment status changes	Fixed hire-term fields
Plan Year End:	
Indicate if this is the first Plan Year for a new plan:	<input type="radio"/> Yes / <input checked="" type="radio"/> No
Original Effective Date:	01/01/2001
Contribution Sources	
Elective Deferrals:	<input checked="" type="radio"/> Yes / <input type="radio"/> No
Roth Elective Deferrals:	<input checked="" type="radio"/> Yes / <input type="radio"/> No
After-Tax Contributions:	No
Matching Contributions:	<input checked="" type="radio"/> Yes / <input type="radio"/> No
Profit Sharing Contributions:	<input checked="" type="radio"/> Yes / <input type="radio"/> No
Rollover:	No
Compensation	
Include Elective Deferrals in Compensation (used in Self Employed calculations only):	<input checked="" type="radio"/> Yes / <input type="radio"/> No
Exclude pay earned before participation in Plan from definition of Compensation:	<input checked="" type="radio"/> Yes / <input type="radio"/> No
Exclude pay earned before participation for Matching Contributions:	<input checked="" type="radio"/> Yes / <input type="radio"/> No
Exclude pay earned before participation for Nonelective Contributions:	<input checked="" type="radio"/> Yes / <input type="radio"/> No

4.3. Eligibility

The Eligibility section of Plan Specifications is where the user will set exclusions (such as union or leased employees), indicate whether the eligibility computation period will switch to the plan year, review the age and service eligibility rules for each source, break-in-service rules and confirm the special participation date (as applicable to the plan). For specific information regarding each option in this section click [here](#).

▼ Eligibility	
▶ Exclusions	
▼ Age Service Rules	
Eligibility Computation Period	
Eligibility Computation Period switch to Plan Year:	<input checked="" type="radio"/> Yes / <input type="radio"/> No
Elective Deferrals/Voluntary Contributions	
Minimum age requirement for Elective Deferrals/Voluntary Contributions:	21
Minimum service requirement for Elective Deferrals/Voluntary Contributions:	one (1) Year
Eligibility service computation method:	Hours of Service
If "Hours of Service" and not "None", enter the Hours of Service that must be completed in the period described above (without commas):	1000
Frequency of entry dates for Elective Deferrals/Voluntary Contributions:	first day of the first month and seventh month of the Plan Year
If not "Immediate" or "other dates", selection of entry date:	coincident with or next following
Matching Contributions	
Minimum age requirement for Matching Contributions:	21
Minimum service requirement for Matching Contributions:	one (1) Year
Eligibility service computation method:	Hours of Service
If "Hours of Service" and not "None", enter the Hours of Service that must be completed in the period described above (without commas):	1000
Frequency of entry dates for Matching Contributions:	first day of the first month and seventh month of the Plan Year
If not "Immediate" or "other dates", selection of entry date:	coincident with or next following

4.4. Contribution

The Contribution section of Plan Specifications is where contribution limits will be entered, safe harbor specifications will be selected and allocation requirements for sources and 410(b) corrections will be selected. This is also where the Nonelective formula can be changed. Please be sure that all contributions that should be active are selected in this section, such as safe harbor, Davis Bacon and collective bargaining arrangement (CBA) contributions. For specific information regarding each option in this section click [here](#).

▼ Contribution	
▼ Contribution Limits	
Minimum Elective Deferral contribution:	None
Maximum Elective Deferral contribution:	seventy-five percent (75%)
Indicate whether a lower maximum Elective Deferral contribution applies for HCEs:	<input type="radio"/> Yes / <input checked="" type="radio"/> No
+	
+	
+	
+	
Roth Correction for 402(g) failures:	Last
Allow Participants to make EGTRRA catch-up contributions:	<input checked="" type="radio"/> Yes / <input type="radio"/> No
If "Yes", the Company will exclude union members from EGTRRA catch-ups:	<input type="radio"/> Yes / <input checked="" type="radio"/> No
If "Yes", the Company will include a Participants EGTRRA catch-up contributions in the definition of Matched Employee Contributions:	<input checked="" type="radio"/> Yes / <input type="radio"/> No
▼ Safe Harbor	
Safe Harbor - General	
Safe harbor type:	No

4.5. Vesting

The vesting section is where certain vesting related settings can be found, such as vesting service computation method, computation period and vesting exclusions. Additionally, this is where the global option to override prior years of cumulative years of vesting service can be set. Please note that the vesting schedule for each source is found in "Work with Sources/Inv Accounts". For specific information regarding each option in this section click [here](#).

▼ Vesting

▼ General

Vesting service computation method:	<input type="button" value="Help"/> Hours of Service
Vesting Computation Period:	<input type="button" value="Help"/> Plan Year
Hours of Service for Year of Vesting Service:	<input type="button" value="Help"/> 1000
Override prior year cumulative Years of Vesting Service:	<input checked="" type="radio"/> Yes / <input type="radio"/> No

▼ Matching Vesting

If Matching vesting schedule is not "100%", the following Matching Contributions are 100% vested if the Plan provides for safe harbor Matching Contributions All fixed Matching Contributions

▼ Vesting Exclusions

Exclude Years of Vesting Service earned before age 18:	<input type="button" value="Help"/> <input type="radio"/> Yes / <input checked="" type="radio"/> No
Exclude Years of Vesting Service earned before the Employer maintained this Plan or a predecessor plan:	<input type="button" value="Help"/> <input type="radio"/> Yes / <input checked="" type="radio"/> No
One-year holdout. If an Employee has a 1-Year Break in Service/Period of Severance, exclude Years of Vesting Service before such period until the Employee has completed a Year of Vesting Service after return to employment with the Employer:	<input type="button" value="Help"/> <input type="radio"/> Yes / <input checked="" type="radio"/> No
Rule of parity. If an Employee does not have a nonforfeitable right to Employer contributions, exclude Years of Vesting Service earned before a period of 5 consecutive 1-Year Breaks in Service/Periods of Severance:	<input type="button" value="Help"/> <input type="radio"/> Yes / <input checked="" type="radio"/> No

4.6. Distribution

There are three questions related to determining retirement age. Please note that these questions will be determined by the plan document.

If "Age only" applies, the system will only look at a participant's age to determine if normal retirement age has been attained. The normal retirement age can be selected by using the drop-down box.

If "Age and Participation" applies, the system will look at both a participant's age and years of service to determine if normal retirement age has been attained. The user will need to select the number of years a participant is required to participate before reaching normal retirement age. Note: For purposes of the Rate Group Test, the system determines participation by looking at the non-elective date of participation. If the plan is a safe harbor non-elective plan, the system will now look at safe harbor non-elective entry date to see if it is earlier than the regular non-elective date. If it is, the system will use that date to calculate anniversaries of participation. If both entry dates are in the future, the system will set years of participation to zero.

For specific information regarding each option in this section click [here](#).

▼ Distribution

▼ Normal Retirement

Requirement for Normal Retirement Age:	<input type="button" value="Help"/> Age only
Age component of Normal Retirement Age (not to exceed 65 - deemed to be 59-1/2 for Electives and QNECs if lesser age is entered):	<input type="button" value="Help"/> 65
— If "Age and Plan Participation", anniversary of participation for Normal Retirement Age:	<input type="button" value="Help"/> fifth

Once you have completed setting up plan specifications ftwilliam.com plan document users can check their work by using "Compare Specifications to Plan Document" from the main Compliance Menu.