

# 10.16. Davis Bacon

10/29/2024 4:40 pm CDT

## Non-elective Davis Bacon Contributions

### Plan Specifications

First, we need to verify that the plan is setup properly to permit Nonelective Davis Bacon contributions. From the main Compliance Menu, go to Plan Specifications and expand Contribution parameters bar. Scroll down to the Nonelective section. Under Nonelective - Contribution, "Nonelective Davis Bacon" determines if the plan is set to permit Nonelective Davis Bacon contributions. If changes are needed to be made to this setting, press the radio button next to the applicable setting. Pressing the radio button to the left of "Yes" indicates that Nonelective Davis Bacon contributions are permitted by the plan. Pressing the radio button to the left of "No" indicates that Nonelective Davis Bacon contributions are not permitted by the plan.

If the plan document permits Nonelective Davis Bacon contributions to offset regular Nonelective contributions, set the Nonelective Davis Bacon offset to "Yes". Note: "Profit Sharing Davis Bacon offset" will not be available until "Profit Sharing Davis Bacon" is set to "Yes".

Nonelective - Contribution	
Nonelective allocation formula:	<input type="text" value="New Comparability"/>
Nonelective Davis Bacon:	<input checked="" type="radio"/> Yes / <input type="radio"/> No
Nonelective Davis Bacon offset:	<input type="radio"/> Yes / <input checked="" type="radio"/> No
Nonelective CBA:	<input type="radio"/> Yes / <input checked="" type="radio"/> No

### Work with Sources/Inv Accounts

The Nonelective Davis Bacon source should be in the list of sources in Work with Sources/Inv Accounts, for transactional/financial purposes.

The screenshot displays the 'FTW 401k Demo Plan' configuration page. At the top, the 'Compliance Menu' is visible with 'Plan Specifications' selected. The main content area is titled 'Compliance Plan Specifications' and includes a 'Sources & Investment Accounts' section. Within this section, there is a table for 'Sources/Accounts' with one entry: 'Financial data import vendor' set to 'None'. Below the table, there are two links: 'Export Vendor List by Plan' and 'Work with Sources/Inv Accounts'. The left sidebar contains 'Census' and 'Transactions' buttons.

If the Nonelective Davis Bacon source (SourceID: PSDAVBAC) is not displayed in the list of sources upon your

arrival to this screen, click the "Add Default Sources" link to have the system automatically add the missing source(s).

Home > Edit Company > Edit Plan > Compliance > Plan Specifications > Work with Sources/Inv Accounts [Updates](#) [Help](#)

Loan Source Distribution/Hierarchy | [Add Default Sources](#)

<input type="checkbox"/>	SourceID	Suppress	Top Heavy	Source Name	Source External ID	Vesting	Vest Other	Contribution Source	Earnings Alloc Meth
<input type="checkbox"/>	401K	No	Yes	Elective Deferral		100%	N/A	ElectiveDeferral	Bal Forward - Trad
<input type="checkbox"/>	ROTH	No	Yes	Roth Deferral		100%	N/A	Roth	Bal Forward - Trad
<input type="checkbox"/>	MATCH	No	Yes	Matching Contribution		2-6 Year Graded	N/A	Matching	Bal Forward - Trad
<input type="checkbox"/>	PS	No	Yes	Profit Sharing		2-6 Year Graded	N/A	NonElective	Bal Forward - Trad
<input type="checkbox"/>	ROLLREL	No	Yes	Rollover Related		100%	N/A	RolloverRel	Bal Forward - Trad
<input type="checkbox"/>	PSDAVBAC	No	Yes	Profit Sharing - Davis E		2-6 Year Graded	N/A	NonElectiveDavBacon	Bal Forward - Trad
<input type="checkbox"/>	QNECDAVBAC	No	Yes	QNEC Davis Bacon		100%	N/A	QNECDavBacon	Bal Forward - Trad

## Set Davis Bacon Eligibility and Enter Davis Bacon Contributions

Eligibility for Davis Bacon contributions and Davis Bacon contributions themselves, must be explicitly entered into the ftwilliam.com system. From the Compliance Menu, hover over Census and Select Other Import/Export/Reports. Using the drop down box next to any of the user defined grids spots, select the "ftw Davis Bacon" grid.

The NE Davis Bacon Eligibility column will be used in compliance tests such as the 410(b) Test, 415 Test, Deduction Test, etc. For example, if a participant's NE Davis Bacon Eligibility is set to Yes or No, they will be classified as a nonexcludable employee in the 410(b) Coverage test. Assuming that the NE Davis Bacon is the only type of non-elective source in the plan, if a participant's NE Davis Bacon Eligibility is set to No-Excl, they will be classified as an excludable employee in the 410(b) Coverage test. If a nonexcludable employee has an allocation amount entered in the NE Davis Bacon Contribution column, that person will be classified as benefiting within the 410(b) Coverage Test.

Grid: **ftw Davis Bacon (ID: e570899)**  
 Grid Data: [Download](#) | [Upload](#)

EE01, EE01 Edit | Remove From Census

SSN:  Last Name:  First Name:  Add New [Refresh Grid](#)

	Last Name	First Name	SSN	NE Davis Bacon Eligibility	NE Davis Bacon Contribution	QNEC Davis Bacon Eligibility	QNEC Davis Bacon Contribution
1	EE01	EE01	168-31-0001	Yes	10,000.00	No - Excl	0.00
2	EE02	EE02	168-31-0002	Yes	5,000.00	No - Excl	0.00
3	EE03	EE03	168-31-0003	No - Excl	0.00	Yes	1,000.00
4	EE04	EE04	168-31-0004	No - Excl	0.00	Yes	0.00
5	EE05	EE05	168-31-0005	No - Excl	0.00	No - Excl	0.00

## Creating Davis Bacon Allocations from Transaction Batches

As an alternative to manually entering Davis Bacon contributions, if Davis Bacon contributions have been entered or uploaded into the ftwilliam.com software and have been posted in the Transactions screen, users can use the "Create \$x.xx Allocations" link to push the amounts from the Transactions screen to the Compliance testing area (contributions will then appear in the ftw Davis Bacon grid).

Source	Batch from Alloc.	Compare Trans. to Alloc.	Alloc. from Batch
QNECDAVBAC	N/A	N/A	<a href="#">Create \$500.00 Allocations</a>
PSDAVBAC	N/A	N/A	<a href="#">Create \$1,100.00 Allocations</a>

## Allocation Parameters for Nonelective Davis Bacon Offset

In order for regular nonelective contributions to be calculated and offset, "Nonelective allocation manual override"

must be set to "No". "Nonelective allocation manual override" is located under Allocation parameters in the main Compliance screen.

Allocation Overrides	
Override Employee Contributions to be matched (requires entry of matched contributions in census):	<input type="radio"/> Yes / <input checked="" type="radio"/> No
Match allocation manual override:	<input type="radio"/> Yes / <input checked="" type="radio"/> No
+ (empty row)	
Nonelective allocation manual override:	<input type="radio"/> Yes / <input checked="" type="radio"/> No
+ (empty row)	
+ (empty row)	
+ (empty row)	
QNEC allocation manual override:	<input type="radio"/> Yes / <input checked="" type="radio"/> No

Additionally, a nonelective formula needs to be entered. This tells the system what percentage or dollar amounts should be allocated for each eligible participant. For example, in the screenshot below, I have set the pro rata formula for the regular profit sharing to 5%. When the allocation "Run" button is pressed, the system will calculate a 5% profit sharing allocation for all eligible employees, then reduce those amounts by the Nonelective Davis Bacon amounts previously entered, as applicable for each participant. The allocation report will display the combined allocations for all nonelective amounts in the "Allocate NonElec column".

Nonelective Allocation	
<b>Safe Harbor Nonelective</b>	
+ (empty row)	
<b>Regular Nonelectives</b>	
Allocation type:	<input type="radio"/> Specified
+ (empty row)	
+ (empty row)	
Nonelective contribution in percent	<input type="text" value="5.000000"/>

## QNEC Davis Bacon Contributions

### Plan Specifications

First, we need to verify that the plan is setup properly to permit QNEC Davis Bacon contributions. From the main Compliance Menu, go to Plan Specifications and expand Contribution parameters bar. Scroll down to the QNEC section. "QNEC Davis Bacon" determines if the plan is set to permit QNEC Davis Bacon contributions. If changes are needed to be made to this setting, press the radio button next to the applicable setting. Pressing the radio button to the left of "Yes" indicates that QNEC Davis Bacon contributions are permitted by the plan. Pressing the radio button to the left of "No" indicates that QNEC Davis Bacon contributions are not permitted by the plan.

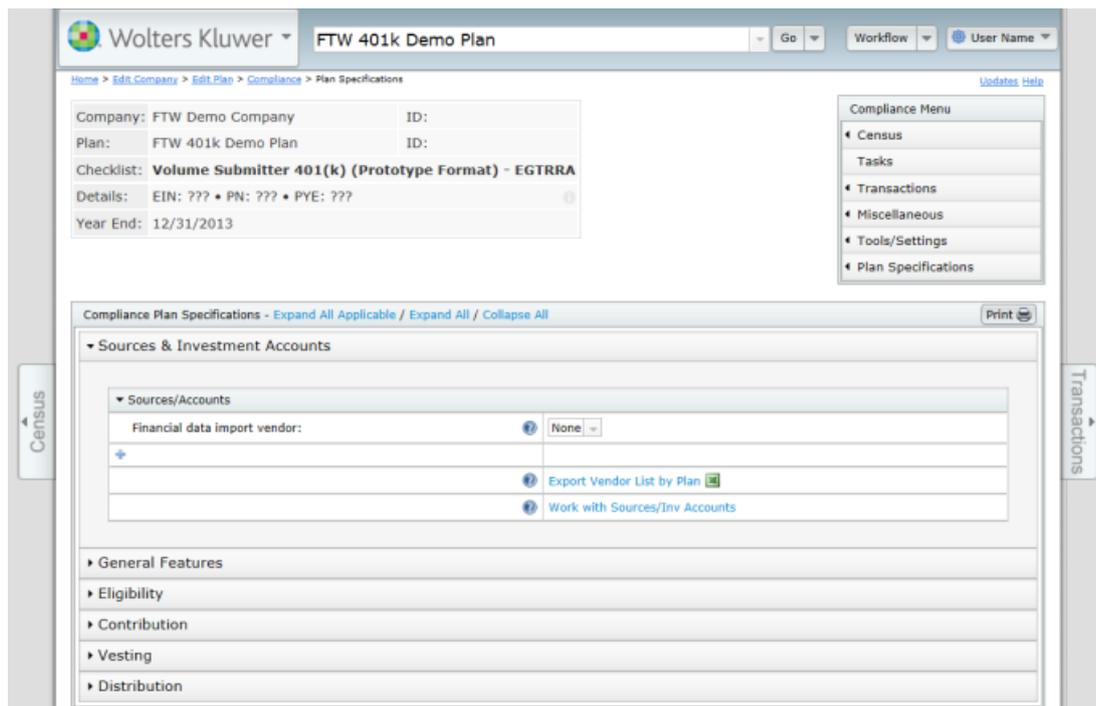
If the plan document permits QNEC Davis Bacon contributions to offset regular QNEC contributions, set the QNEC Davis Bacon offset to "Yes".

QNEC allocation formula:	<input type="radio"/> Pro rata
QNEC Davis Bacon	<input checked="" type="radio"/> Yes / <input type="radio"/> No
QNEC Davis Bacon Offset	<input type="radio"/> Yes / <input checked="" type="radio"/> No

### Work with Sources/Inv Accounts

The QNEC Davis Bacon source should be in the list of sources in Work with Sources/Inv Accounts, for

transactional/financial purposes.



If the QNEC Davis Bacon source (SourceID: QNECDAVBAC) is not displayed in the list of sources upon your arrival to this screen, click the "Add Default Sources" link to have the system automatically add the missing source(s).

Home > Edit Company > Edit Plan > Compliance > Plan Specifications > Work with Sources/Inv Accounts Updates Help

Loan Source Distribution/Hierarchy | [Add Default Sources](#)

<input type="checkbox"/>	SourceID	Suppress	Top Heavy	Source Name	Source External ID	Vesting	Vest Other	Contribution Source	Earnings Alloc Meth
<input type="checkbox"/>	401K	No	Yes	Elective Deferral		100%	N/A	ElectiveDeferral	Bal Forward - Trad
<input type="checkbox"/>	ROTH	No	Yes	Roth Deferral		100%	N/A	Roth	Bal Forward - Trad
<input type="checkbox"/>	MATCH	No	Yes	Matching Contribution		2-6 Year Graded	N/A	Matching	Bal Forward - Trad
<input type="checkbox"/>	PS	No	Yes	Profit Sharing		2-6 Year Graded	N/A	NonElective	Bal Forward - Trad
<input type="checkbox"/>	ROLLREL	No	Yes	Rollover Related		100%	N/A	RolloverRel	Bal Forward - Trad
<input type="checkbox"/>	PSDAVBAC	No	Yes	Profit Sharing - Davis E		2-6 Year Graded	N/A	NonElectiveDavBacon	Bal Forward - Trad
<input type="checkbox"/>	QNECDAVBAC	No	Yes	QNEC Davis Bacon		100%	N/A	QNECDavBacon	Bal Forward - Trad

## Allocation Parameters for QNEC Davis Bacon

Return to the main Compliance screen and expand the Allocation Parameters. Scroll down to the bottom of the screen to QNEC Allocation. The "Allocation Type" must be set to either "Dollar" or "Specified" if you will be uploading QNEC Davis Bacon contributions.

▼ QNEC Allocation

Allocation type:	<input type="button" value="i"/> Dollar
Nonelective contribution in total dollars to be allocated:	<input type="button" value="i"/> 0.00

## Set QNEC Davis Bacon Eligibility and Enter QNEC Davis Bacon Contributions

Eligibility for Davis Bacon contributions and Davis Bacon contributions themselves, must be explicitly entered into the ftwilliam.com system. From the Compliance Menu, hover over Census and Select Other Import/Export/Reports. Using the drop down box next to any of the user defined grids spots, select the "\*\*ftw Davis Bacon" grid.

The QNEC Davis Bacon Eligibility column will be used in compliance tests such as the 410(b) Test, 415 Test, Deduction Test, etc. For example, if a participant's QNEC Davis Bacon Eligibility is set to Yes or No, they will be classified as a nonexcludable employee in the 410(b) Coverage test. Assuming that the QNEC Davis Bacon is the only type of non-elective source in the plan, if a participant's QNEC Davis Bacon Eligibility is set to No-Excl, they will be classified as an excludable employee in the 410(b) Coverage test. If a nonexcludable employee has an allocation amount entered in the QNEC Davis Bacon Contribution column, that person will be classified as benefiting within the 410(b) Coverage Test.

Grid: ftw Davis Bacon (ID: e570899)  
 Grid Data: [Download](#) | [Upload](#)

EE01, EE01 | [Edit](#) | [Remove From Census](#)

SSN:  Last Name:  First Name:  | [Add New](#) [Refresh Grid](#)

	Last Name	First Name	SSN	NE Davis Bacon Eligibility	NE Davis Bacon Contribution	QNEC Davis Bacon Eligibility	QNEC Davis Bacon Contribution
	<a href="#">Help</a>	<a href="#">Help</a>	<a href="#">Help</a>	<a href="#">Help</a>	<a href="#">Help</a>	<a href="#">Help</a>	<a href="#">Help</a>
1	EE01	EE01	168-31-0001	Yes	10,000.00	No - Excl	0.00
2	EE02	EE02	168-31-0002	Yes	5,000.00	No - Excl	0.00
3	EE03	EE03	168-31-0003	No - Excl	0.00	Yes	1,000.00
4	EE04	EE04	168-31-0004	No - Excl	0.00	Yes	0.00
5	EE05	EE05	168-31-0005	No - Excl	0.00	No - Excl	0.00

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As an alternative to manually entering Davis Bacon contributions, if Davis Bacon contributions have been entered or uploaded into the ftwilliam.com software and have been posted in the Transactions screen, users can use the "Create \$x.xx Allocations" link to push the amounts from the Transactions screen to the Compliance testing area (contributions will then appear in the ftw Davis Bacon grid).

Source	Batch from Alloc.	Compare Trans. to Alloc.	Alloc. from Batch
QNECDAVBAC	N/A	N/A	<a href="#">Create \$500.00 Allocations</a>
PSDAVBAC	N/A	N/A	<a href="#">Create \$1,100.00 Allocations</a>

## Allocation Parameters for QNEC Davis Bacon Offset

In order for regular QNEC contributions to be calculated and offset, "QNEC allocation manual override" must be set to "No". "QNEC allocation manual override" is located under Allocation parameters in the main Compliance screen.

Allocation Run: Reports:

Allocation Overrides

Override Employee Contributions to be matched (requires entry of matched contributions in census):  Yes /  No

Match allocation manual override:  Yes /  No

+  
+  
+  
+  
+

Nonelective allocation manual override:  Yes /  No

+  
+  
+

QNEC allocation manual override:  Yes /  No

Additionally, a QNEC formula needs to be entered. This tells the system what percentage or dollar amounts should be allocated for each eligible participant. For example, in the screenshot below, I have set the pro rata formula for the regular profit sharing to 5%. When the Allocation "Run" button is pressed, the system will calculate a 5% QNEC allocation for all eligible employees, then reduce those amounts by the QNEC Davis Bacon amounts previously entered, as applicable for each participant.

▼ QNEC Allocation	
Allocation type:	 Specified 
	
Nonelective contribution in percent:	 5.000000 <input data-bbox="719 259 927 286" type="text"/>
	

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