

FTW Step 12: Year-End Processing & Compliance Testing

10/30/2024 1:04 pm CDT

Prior to running compliance tests:

For EOY valuations:

1. Be sure data for the DB plan through year-end is already current.
2. This should already include combo plan data from a DC plan per the last section of [Step 10](#) above. If it was not added prior to running the valuation, you can add it now, but your valuation tasks may need to be rerun.

For BOY valuations:

1. Assumes the first Scrub and Benefits & Liabilities tasks are complete.
2. Be sure the valuation is "Locked" before proceeding (see first parameter in the Plan Costs task).
3. Update participant data through year-end, the same as discussed in protocols throughout this document.
4. Add combo plan data from a DC plan as described in the last section of [Step 10](#) above.
5. Run the Year-End Scrub and check the Eligibility Status report for accuracy.
6. Run the Year-End Benefits & Liabilities task - This provides necessary input and output for:
 - Compliance testing
 - Year-end cash balance account values and accrued benefits
 - Participant statements
 - Year-end PBGC participant counts
 - Next year's BOY valuation data

Compliance Testing:

- Nondiscrimination tests automatically use DC sources that have been added to a DB plan for combo testing. In the absence of DC sources, tests are for a standalone DB plan, noting that the Gateway test is only applicable when a DC plan is included.
- Export data directly from an ftwilliam.com DC plan (or use the template to create a file), then update the data in the DB plan by uploading the file or entering the data directly in the census interface before running the tests.
 - For annual testing use the * ftw Contributions Upload (ID: d043c55) grid to update annual allocations.
 - For accrued-to-date testing use the * ftw General Test Acct Bal (ID: 8e0269a) grid to update account balances.
- If DC and DB plan eligibility differ, use the * ftw DB Combo Plan Eligibility Overrides (ID: ac840f7) grid, noting the following instructions contained within the grid:
 - When DC allocations exist in DB Compliance for combo plan testing, eligibility for DC components are

set the same as DB eligibility; however, the user can override eligibility for the individual DC sources (e.g., deferrals, match, etc.) for one or more participants by changing their "Eligible" variable(s) and setting both the "Initial" and "Continuing" overrides for the desired source(s) to "Yes".

- Run through each of the compliance tests in order and review the results.
 - Meaningful Benefits Test - If test fails, you may need to modify DB plan benefits until you get a passing result, or consider changing the available testing options. To assist, use the detail report to see who is benefiting and how much is needed to reach a benefiting level. The report is sorted low-to-high based on the additional cost to make each participant benefiting.
 - Coverage & Limits Test & General Test - If tests fail, you may need to modify PS allocations until you get a passing result, or consider changing the available parameters for the test. To assist, use the detail reports for information on why the test(s) fail. There may also be a "Solver" link on the reports screen of the General test (not available for all scenarios) that will take you to an exhibit showing the minimum PS amounts necessary to pass the (1) Gateway test, and either the (2a) Rate Group at 70% or (2b) Rate Group at Midpoint plus the Average Benefits tests. The Solver assumes the General Test will be corrected by adding PS amounts and does not solve using additional DB benefits. With the updated PS information you can:
 1. Replace PS amounts (Contribution_Nonelective) with the solved PS amounts (SolveAmount1)
 2. Change PS dropdown option in Benefits & Liabilities to "Census"
 3. Rerun the General Test
 4. (optional) Upload (or enter manually) back into the ftwilliam DC plan using any grid containing the PS amount, such as the * ftw Contributions Upload (ID: d043c55) grid
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