

QS Part 4: Compliance Menu – Tasks

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Q.S. Tip: The Tasks screen lists the tasks in the order they should be done. Expand a section to set parameters for that task; you can “run” a task by clicking the icon next to “Run:”. The icon reflects the status of the task – the yellow triangle indicates the task has not been run, the green circle with check mark indicates it has been run, and in the case of a test, has passed. The red circle with cross indicates that a test has been run and has failed. Once the task is run you will see the reports icon to select a report.

4.1. Scrub/Eligibility

Q.S. Tip: If you are uploading employer contributions on the census you do need to set the appropriate override(s) on the Allocation Task screen BEFORE running the data scrub; otherwise the scrub will wipe out the contributions – see 4.2 below.

Once you have uploaded your census data and supplemental data the next step is running the data scrub. Expand the “Scrub/Eligibility” section to review the parameters. Most options allow you to override system calculations; responses are “Yes” or “No”. “Yes” means that you will upload the information; “No” means that the system will calculate. Please note that the first two options, “Override calculation of prior year eligibility service” and “Override calculation of prior year participation service” will be set to “Yes” for the first year by the system when the data scrub is run

Once you have reviewed the parameters you can run the scrub by clicking the “Run” icon. The results screen will list warnings and errors about the data which you should review.

Q.S. Tip: Most of the errors/warnings are actually just alerting you that the ftwilliam.com system does not have certain data elements and is therefore making assumptions because it is the first year in the ftwilliam.com system. The system will always tell you if it makes assumptions for your data.

You have the option to suppress all warnings and just review the errors or suppress individual errors and warnings – these options are set at the top of the scrub results page. Suppressing all warnings will allow you to more easily isolate and review any errors, which are generally items that you would wish to address as they may indicate inaccurate data.

Q.S. Tip: Errors and warnings on the scrub results screen will not clear, even if you correct the cause, until you either re-upload the census data, or click the “Clear All participant Errors/Overrides” link on the data scrub results page.

Once you have run the data scrub and addressed any issues you should review the Eligibility and HCE/Key Status reports to ensure that they are correct. Icons for the reports, in Word, PDF or Excel, will be available as soon as the scrub is run.

4.2. Allocation

Once you have run the data scrub and verified the results you are ready to calculate contributions. Click the "Allocation" section of the Compliance Tasks block to expand it.

Allocation Overrides – here you can set any overrides required. If you are uploading employer contributions rather than having the software calculate them you want to select "Yes" on the Overrides box on this screen for that contribution type. For example, if you are uploading nonelective contribution amounts, select "Yes" to "Nonelective allocation manual override". Note that if you do check yes to override a contribution, and have a formula entered, you will have the option

on the line below to request a True-up report; this will list any differences between the amounts uploaded and the amounts calculated by the formula. Please note that the override to indicate that you are uploading Match is the second line on the list "Match allocation manual override".

Q.S. Tip: The first item in the "Overrides" box in the "Allocation Task" is "Override Employee Contributions to be matched (requires entry of matched contributions in census)". A "Yes" here means that the plan has different eligibility and/or entry dates for deferrals and Match - so deferrals used to calculate Match will be different for participants with Match entry dates during the plan year. You will need an additional column on the census when you answer Yes to this question.

Matching Allocations - here you can enter formulas for any Match and/or Safe Harbor Match contributions that you want the software to calculate. The options available here are largely determined by how the plan is coded in Plan Set Up so if an option that you want to select is unavailable, you should review Plan Specifications.

Top Heavy Allocation - here you can review/select various options for top heavy minimum contributions; you can adjust the parameters here, e.g. to indicate that the design of the plan automatically meets top heavy allocation requirements. Please note that the software will automatically calculate top heavy minimums if the plan is coded as top heavy unless the plan design does not require them. Note too that if there are participants coded as self-employed in the Employee Class column on the census, you will need to set "Override Top Heavy minimum allocation percent" to Yes and enter the percentage you want the allocation to use – typically 3.00.

Q.S. Tip: Top-Heavy status may be changed on the "Top Heavy Test Task" screen. If the plan is top heavy and this is the first year in the ftwilliam.com system the override is not needed. In the box "Top Heavy as of Determination Date" set the first question to Yes. No other data is needed.

Nonelective Allocation - here you can enter formulas for any nonelective contributions that you want the software to calculate. The options available here are largely determined by how the plan specifications are coded, so if an option that you want to select is unavailable, you should review plan specifications. The allocation type for all but a New Comparability formula may be either "Specified", where you would enter a percent, "Dollar", where you would enter a dollar amount, or "Maximize" where you can select either one individual or all HCEs to maximize to the 415 limit or a specific dollar amount. Note that the allocation type has to be "Specified" for a New Comparability allocation. Once your parameters are set you click the Run icon. You will then be able to open and review the following reports, depending on the parameters: allocation, true-up report and/or calculation of an integrated formula.

4.3. Combined Test - 415/410(b)/404/414(s)

The software runs the above tests under the label of the “Combined Test”; expand the “Combined Test” section to access parameters. First you will set parameters for the different tests. Also, options for aggregation, and disaggregation of otherwise excludable employees for testing, are set here. If the plan requires compensation testing, i.e. because a non-safe harbor definition of compensation is being used, you also need to indicate that on this screen. Note that divisions and MEP-APA functionality are not active at the present time.

After reviewing and setting the parameters you can run the test by clicking the Run icon. You will see a summary of the results on the screen when the test is completed and you can review the details by clicking one of the report icons.

4.4. ADP/ACP Tests

Expand the ADP/ACP Test section; first you can set testing parameters, such as methods to avoid failure and corrections, as well as whether the current or prior year NHCE data will be used. Note that any parameters specified in the plan document, such as QNEC options, would be set in Plan Specifications.

Q.S. Tip: To specify prior year, indicate this in the “Prior Year Elections section. The screen will refresh and you will see a link to another screen where you can enter the actual numbers for the prior year. Be sure to click the update button when you have entered the data.

Having reviewed and edited parameters you click the Run icon to do the tests. You will see a summary of the results on the screen when the test is completed and if either test has failed you will see links to do corrections. If using disaggregation of otherwise excludable employees, you will see three lines of test results:

Group Shows the test results for

DisaggOver Those who are non-excludable

DisaggUnder Those who do not meet statutory eligibility

ExclNHCE All HCEs and non-excludable NHCEs (sometimes referred to as the “Carve-out” method)

You first need to select which testing combination to correct- if you choose “Two Tests” the corrections will be run separately on the excludables and the non-excludables. If you choose “ExclNHCE” the corrections will just be run on that group, i.e. all HCEs and non-excludable NHCEs. Select one of these options and click the “Select Test Option” button. Note that even if you are not using disaggregation you still need to click the “Select Test Option” button.

If the plan allows for QNECs you will see an option to estimate QNECs - click this to see the estimated amounts to correct the test. You can then either allocate the QNEC or click the “Back to ADP (or ACP) Results” link to go back to the results screen. Please note the QNEC estimator is not available for all testing options.

A failed test will always offer the option to do refunds and calculate catch-ups. This option will calculate the amounts to be refunded to HCEs; however if any of the HCEs are catch-up eligible and have not used their entire catch-up amount, the software will automatically re-characterize as much as possible of the refund to catch-up. If you don't want eligible refunds re-characterized as catch-up, you can indicate this on the ADP/ACP Test Parameters screen.

The required refund amounts will be displayed and you can calculate earnings as follows:

- If you have transaction batches posted, you can click the link “Update earnings from transaction data”.
- Otherwise you can enter the beginning balance plus contributions and earnings for that participant’s deferral source into the Refund Earnings box and click the “Update earnings” button.

You can review the details of the test by clicking the Reports icon.

4.5. General Test

Q.S. Tip: For a New Comparability PS allocation you can enter the percentage or dollar amount desired for each of the allocation groups in the Allocation Task. There’s an “Autosolve Skip” option that should only be set to Yes when you want to the software exclude a group in the calculation of the suggested correction (ftw Auto-Solve) for a failed test.

If the plan requires general testing you can run the test and correct failures using the ftwilliam.com software. Expand the General Test section; first you can set testing parameters. Note that you can select to AutoSolve the rate group test at the mid-point, or at 70%, to avoid the need to pass the average benefits test; this option is selected under “Type of General Test”.

When you run the General Test you will see the initial results screen; if the Gateway test or the Rate Group fails then you will see links to Auto Solve. If both tests fail you should look at corrections for the Gateway Test first – click on either option (increasing the contributions to NHCEs or decreasing contributions to HCEs). When you decide which option to select you can click the link to revise the allocations and re-run the test – this will edit the amounts contributed and re-run the General Test to determine whether further corrections are required. If so, continue by running the Auto Solve on the Rate Group Test. If the plan fails the Average Benefit Test you will need review the detailed reports for the best corrective option.

You can review the details by clicking one of the Reports icons.

Q.S. Tip: If the plan passes the Rate Group test at 70% or more the Average Benefits test is not required. If the Rate Group test passes only at the mid-point you will need to pass the Average Benefits test. The results screen will note if the AB test is needed.

4.6. Top Heavy Test

Q.S. Tip: Transactions must be posted to perform the Top Heavy Test, therefore, complete Step 5 then return to Step 4.6.

To determine if the plan will be top heavy for the next plan year, run the Top Heavy Test. Expand the Top Heavy Test section; first you can set testing parameters. Review the parameters under, “Top Heavy for Next Year”. When selecting which transactions to use when calculating participant balances, select “All Transactions other than ending balance” if you have investment activity posted. However, if you are only uploading Ending Balances, select “Ending Balances only”. After the test is run the results will be displayed on the results screen and in the parameters screen. Note that the key employees in the test are those listed in the “Key Status – Next Year” report.

4.7. Client Package

There are three options relating to the client package on the top right of the Compliance Tasks block – “Select Reports”, and “Print Package - Word or PDF”. Clicking the select reports option allows you to select which reports to include in the client package. You select which reports and statements to include in the client package on this screen and also pull in the global default letter and edit it, to customize for this client. To include a report or statement in the package, enter a number in the box to the right of that report. The numbers will determine the order that the reports appear within the client package, the report with the lowest number will be first. Note that for page numbering to work properly in the client package, participant statements should appear last in the list of documents to print.

Q.S. Tip: When selecting reports for the client package, if you enter numbers that are spaced five or more units apart, it’s much easier to slot in a new report in the middle as you don’t need to re-number all the other reports.

Back on the Tasks menu, clicking the print package link will allow you to open the client package in Microsoft Word. Click the “Enable Editing” button at the top of the screen if you want to make changes to the Word file.
