

TO: DATAIR's Pension System Users
FROM: Dave Roper, Sue Evans and Andrew C. Hoskins
DATE: December 24, 2008
RE: Release 3.42 of the PENSION SYSTEM

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The main enhancements are listed below and on the enclosed list, but they can also be seen in the system by pressing Alt-F1.

As always, we would like your suggestions for features needed in the system. If you have any questions, please give us a call. Remember to check our web site, www.datair.com, for up to date information on hardware requirements, system fixes, and other Datair products.

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Changes to Release 3.42 have been added.

1. Sole proprietor reduction of Earned Income logic added. Please note that Partnership logic is not available.
2. Mortality tables for years 2009 to 2013 have been added.
3. For Cash Balance plans, if Interest Rate for Projection on Screen 15 is blank, Pre-retirement Actuarial Equivalence interest will be used.
4. Correct calculation of Deferred Vested and Retirees with annuity forms other than life only.
5. Added the following Override fields to Screen 20:
 - Funding Target for Retirees and Beneficiaries Receiving Payment
 - Funding Target for Vested Terminees
 - Funding Target for Active Non-vested
 - Funding Target for Active Vested
 - Funding Target Attainment Percentage (FTAP)
 - Adjusted Funding Target Attainment Percentage (AFTAP)
 - Contributions Toward Unpaid Prior Year Required Cont
 - Contributions Made to Avoid Restrictions Adj to Val Date
 - Contributions Toward Min Required, Adjusted to Val Date
 - Adjusted Target Normal Cost
 - Carryover Balance Used to Offset Funding Requirement

These fields are currently used only for the transfer to Pension Reporter for the Schedule SB. Future releases will allow for greater use of overrides.

6. Schedule SB report has additional fields printed.
7. Added COLA normal form calculations. .

1. Added 2009 Cost of Living increases.

	<u>2007</u>	<u>2008</u>	<u>2009</u>
415 DC \$ limit	45,000	46,000	49,000
415 DC % limit	100%	100%	100%
415 DB \$ limit	15,000	15,417.67	16,250
401(a)(17)	225,000	230,000	245,000
414(q)	100,000	105,000	110,000
401(k) & 403(b)	15,500	15,500	16,500
457	15,500	15,500	16,500
Catch-Up	5,000	5,000	5,500
TWB	97,500	102,000	106,800
Avg annual wage	36,952.41	38,651.41	40,405.48 (2005, 2006, & 2007)
Bend points	680	711	744
	4,100	4,288	4,483

2. 2008 1099R forms are NOT printed by PE/DOS. You will only get the 2007 form. However, our Pension Reporter for Windows is a better 1099R solution and is now our only 1099R product. You can still transfer data from PE/DOS to Pension Reporter.

TO: DATAIR's Pension System Users
FROM: Dave Roper and Andrew C. Hoskins
DATE: May 21, 2008
RE: Release 3.41a of the PENSION SYSTEM

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The main enhancements are listed below and on the enclosed list, but they can also be seen in the system by pressing Alt-F1.

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Changes to Release 3.41 have been added.

1. Double counting of terminees' and deferred vesteds' accrued liability corrected. This was occurring with Unit Credit funding methods.
2. Accrued liability for retirees in unit credit methods is now printing.
3. 150% of Unfunded Current Liability calculation now includes cash surrender value in assets.
4. Corrected different accrued liabilities printing on Valuation Statement and Actuarial Valuation reports for cash balance plans.
5. Corrected blend percentage not printing on Plan Specification report for Actuarial Equivalence.
6. Corrected spelling of "Actuarial" on Schedule SB report.
7. Corrected C.9. Absolute minimum contribution not to be less than zero on the Valuation Results report.
8. Added Contribution to meet termination liability and Contribution to meet 110% of Current Liability to Section D. Maximum Contribution in the Valuation Results report.
9. Changed Exact Age calculation on Screen 11. When using Exact Age options 1=Use exact age to the day for present value & purchase rate calcs or 2= Use exact age for present value calcs only, Age Last will be assumed even if Age Definition Near/Last Birthday (N,L) is coded N for nearest.
10. Added break down of Funding Target amounts by status (Active, Deferred, Retired) to the Valuation Results report.
11. Updated Contribution Requirements report for PPA '06 valuations to show adjusted contribution amounts using Effective Interest Rate.
12. Additional fields printing in the Schedule SB report.
13. Corrected calculation of funding target for retirees where lump sum payment is assumed for actives and deferred vesteds. The System was using 08E00 table to value retirees and now uses either 08C00 or 08A00.
14. Corrected a division by zero error that occurred only with very old retirees with J&S form of benefit.
15. Changed 404(o)(3)(A)(11) Cushion Amount Increase report to use only the vested funding target for vested terminees.

TO: DATAIR's Pension System Users
FROM: Dave Roper and Andrew C. Hoskins
DATE: April 22, 2008
RE: Release 3.41 of the PENSION SYSTEM

Downloaded from www.datair.com. Release 3.40 must already be installed.

The main enhancements are listed below and on the enclosed list, but they can also be seen in the system by pressing Alt-F1. **HELP** screens have been updated for release 3.41

As always, we would like your suggestions for features needed in the system. If you have any questions, please give us a call. Remember to check our web site, www.datair.com, for up to date information on hardware requirements, system fixes, and other Datair products.

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A number of changes to Releases 3.40, 3.40a and 3.40b have been included in this release.

1. Funding for Lump Sums has been added for PPA '06 valuations. For valuations 1/1/2008 and later, when "Limit Lump Sum for Funding to 415 Max (0-6)" on Screen 16 equals 5 or 6, 100% of retirees will be assumed to take lump sum distributions. If "Limit Lump Sum for Funding to 415 Max (0-6)" equals 4, 100% of retirees will be assumed to take annuity distributions. This is an either/or choice. There is no ability to choose a percentage other than 100%.

Lump sum funding assumes the Funding Target is the greater present value of accrued benefit computed using funding segment rates and 417(e) Applicable Mortality table (08E00) or lump sum at normal retirement date of the accrued benefit using plan actuarial equivalence assumptions discounted using appropriate single segment rate.

The mortality table for funding on Screen 16 **should not** be code **08E00**, the Applicable Mortality table. The System will automatically use this table for post retirement mortality. If there are retirees coded in the plan, for example, they will need to be valued using either the 430(h) annuitant table (08A00) or the 430(h) combined table (08C00).

Pre-retirement mortality, if used, **should not** be **08E00**. Only the 430(h) non-annuitant (08N00) or 430(h) combined table (08C00) should be used for pre-retirement discount.

2. Edits on Screens 15 and 16 for 2008 PPA valuations for Funding Mortality again allow 08E00 table.
3. 2007 Actuarial Valuation F. 7, 2007 Funding Target Attainment Percent (FTAP) has been removed from report.
4. 2007 Funding Target Attainment Percent (FTAP) is printed on Schedule B Actuarial Information Report. Calculation values are printed below the heading. Beginning of Year (BOY) valuations will no longer include in the calculation any contributions entered on Screen 20. End of Year (EOY) valuations will include contributions entered on Screen 20. If no annuities have been purchased in previous two years, this percent will be 2007 AFTAP.
5. The Valuation Results report has been changed.
 - a. The effective interest rate is printed below the segment rates.
 - b. Minimum and maximum contribution calculations are on a separate page.
 - c. Funding Shortfall Exemption calculation has been corrected.
 - d. Minimum required contribution has been changed to reduce the Target Normal Cost by the assets in excess of the Funding Target.

- e. Current Liability information has been added to the third page. Current Liability is still necessary when considering distributions to restricted employee (Top 25 HCE).
 - f. The order of the FTAP calculations on page 4 has been changed. The FTAP Exempt calculation is now first, followed by the FTAP and then the AFTAP calculation.
6. Effective interest rate calculation has been changed. When FT exists, it is used. If no FT exists, as in a new plan, the Target Normal Cost will be used.
 7. Corrected calculations for PPA valuations when Normal Form of benefit is Certain and Life.
 8. Use Plan PVAB in Death Benefit (Y,N) on Screen 17 has be corrected so that "N" will again print greater of plan PVAB or 417(e) PVAB as death benefit.
 9. Accrued Benefit salaries on Schedule of Benefits report have been changed for PPA valuations to show AB salaries at Beginning of Year and End of Year.
 10. The 404(o)(3)(A)(11) CUSHION AMOUNT INCREASE report has been corrected so no negative amounts are printed.
 11. Calculation for terminees and deferred vesteds has been corrected. In some situations, no PVAB was being calculated.
 12. Calculation of Deferred vesteds in Cash Balance plans has been corrected. Previously, they would not have a liability print.
 13. PBGC segment rates on Screen 16 are no longer "must answer".

TO: DATAIR's Pension System Users
 FROM: Dave Roper and Andrew C. Hoskins
 DATE: February 22, 2008
 RE: Release 3.40b of the PENSION SYSTEM

Downloaded from www.datair.com.

The main enhancements are listed below and on the enclosed list, but they can also be seen in the system by pressing Alt-F1. **HELP** screens have been updated for release 3.40b

As always, we would like your suggestions for features needed in the system. If you have any questions, please give us a call. Remember to check our web site, www.datair.com, for up to date information on hardware requirements, system fixes, and other Datair products.

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1. 2007 Actuarial Valuation has changed F. 7 to 2007 Funding Target Attainment Percent (FTAP) from Current Year Funded Current Liability Percent. Calculation values are printed below the heading. The calculation will take into account any contributions entered on Screen 20. If no annuities have been purchased in previous two years, this percent will be 2007 AFTAP.
2. Edit added on Screen 15 & 16 for 2008 PPA valuations for Funding Mortality table. Only tables 08N00, 08A00, and 08C00 are allowed. No blending or setbacks are allowed for funding.
3. PBGC Segment rates are no longer a "must answer" on Screen 16.
4. 2008 Valuation Results report has been re-formatted. As part of the formatting, the following have been changed.
 - a. Funding Shortfall calculation has changed. Exemption from base calculation is now done prior to shortfall calculation.
 - b. Applicable Percentage (IRC 430(c)(5)(B)(ii)) corrected for new plans and plans subject to Deficit Reduction Calculation (DRC).
 - c. Minimum Contribution Calculation corrected to reduce minimum by excess of Assets reduced by credit balance over Funding Target.
5. Cash Balance plans will now calculated for PPA valuations. Previously, code P could not be entered in Normal Cost Calculation Method (1-3, P) on Screen 19.
6. Retirees with Joint & Survivor normal form of benefit calculation corrected.
7. Overstatement of Late Retirees Funding Target corrected.
8. Corrected situation where over-funding caused negative Target Normal Cost.
9. Plan Specifications report for 2008 valuations now prints 417(e) rates instead of PBGC rates. Calculation of 417(e) amounts was correct, but wrong rates printed.
10. Maximum allowable distribution note under Accrued Benefit changed for new 415 limits.
11. Joint & Survivor calculation with exact age on Screen 11 coded = 1 corrected.
12. FAS calculations corrected. The error would manifest itself in different ways, but an error message resulted.
13. Qx's were corrected in mortality tables 08C00 and 08E00. This was part of Release 3.40a.

1. 401(k) Illustration--the married tax table for 2007 for compensation from \$70,700 to \$133,800 was using 13,225% instead of 15%. So anything over \$70,700 in income was getting really bad income tax. Fixed now.
2. 401(k) Illustration--Added 2008 federal withholding tables
3. Changed cycle 7 and S to work better.



PE/DOS 3.40a

January 3, 2007

- 2007 1099-R forms were corrected for 1st Year of Desig. Roth Contribution.
- Corrected 401(k) Illustration--the married tax table for 2007 for compensation from \$70,700 to \$133,800 was using 13,225% instead of 15%. So anything over \$70,700 in income was resulting in incorrect income tax numbers.
- 08C00 mortality table, fixed value for 73 year old female, should be .020433 (not .020483).
- Updated interest rate table with December 2007 values.