

SHEAKLEY PENSION ADMINISTRATION **CENSUS TUTORIAL**

Welcome to the Census Tutorial. The tutorial was created to help walk you step-by-step through the year-end census package. If you have any questions as you read through the material please feel free to contact us at 1-800-877-5055.

HIGHLY COMPENSATED/KEY EMPLOYEE **DETERMINATION WORKSHEET**

The purpose of this document is to identify the Highly Compensated and Key Employees of your company. This information is used to complete the year-end testing which is required by the Department of Labor and Internal Revenue Service.

In the table provided:

1. List all employees who have ownership in the company, along with their ownership percentages and annual compensation.

Note: For testing purposes an individual is considered an owner if his/her spouse, children, grandchildren or parents are owners of the company.

Example: Scott works as a carpenter for the Newman Construction Company (NCC). Scott's father owns 20% of NCC. For year-end testing purposes Scott would be considered an owner because his father owns more than 5% of the company.

2. List all officers with annual compensation greater than \$130,000 along with their compensation.

Note: An officer is a person who holds a position of trust or authority in an organization. An officer is an administrative executive who is in regular and continued service for the organization. The term officer implies continuity of service and excludes those who are employed for a special and single transaction or those with only nominal administrative duties.

Example: Julie is the Chief Executive Officer (CEO) of National Bank. She would be considered an officer of National Bank because of the broad scope of her authority and wide range of administrative duties. Steve is the Vice-President of the mortgage department at National Bank. He would not be considered an officer of National Bank because his position is specialized and only pertains to one department of the company.

Fill in the blanks for questions 1-3

Questions #1-3 help determine the maximum number of employees that will be considered officers for the Top-Heavy test. The maximum number of employees that can be considered officers is equal to 10% of all employees or 3 whichever is greater. The total, however, can never exceed 50.

Note: A plan is top-heavy if the present value of the accrued benefits of all key employees exceeds 60% of the present value of the accrued benefits of all employees.

1. Insert the total number of employees in your company at the end of the current year in question #1.

Example: If a company has 36 employees at year-end, 36 would be entered in the space provided.

2. Multiply the answer in question #1 by 10% and insert that figure in question #2 (please round up).

Example: 36 multiplied by 10% ($36 \times .10$) equals 3.60. The answer to question #2 when rounded up would be 4.

3. If the answer provided in question #2 is less than 3 enter "3" in the space provided for question #3. If the answer in question #2 is greater than 50 insert "50" for question #3. If the number you calculated for question #2 is between 3 and 50 enter the same answer listed for question #2.

Example: Since the answer to #2 falls between 3 and 50 the answer to this question is 4.

GENERAL PLAN INFORMATION

The objective of this worksheet is to gather information for the Form 5500. The information requested below also helps keep us informed on any changes that occurred within the plan during the year. **If this information was submitted to us previously, and no changes have occurred, it is not necessary for you to complete the General Plan Information again.**

Please fill in the blanks for the following:

Company

1. Insert the name of your company.

Employer Entity

1. *Effective date of entity*-Fill in the date your company was created.
2. Please circle your company's form of business (i.e. S Corporation, Professional Service Corporation, Limited Liability Corporation, Corporation, Sole Proprietorship, Partnership, or Limited Liability Partnership).

Employer's Fiscal Year

1. *Fiscal Year*-Enter your company's fiscal year-end date. (Ex. 12/31/04, 06/30/04, etc.)

Note: A fiscal year is the 12-month accounting period used by a business.

2. *Prior Fiscal Year*-Enter your company's prior fiscal year-end date. (Ex. 12/31/03, 06/30/03, etc.)

-Mark n/a if this is your company's first year-end.

3. *Effective Date of Fiscal Year Change*-If your company made any changes to its fiscal year please insert the effective date of this change.

-Mark n/a if no changes have been made to your fiscal year.

Adopting Employers

1. List any employers who joined your plan during the plan year.

Note: An adopting employer is a company that is added to and participates in the plan of an already existing qualified plan. Appropriate amendments

must be made to the Plan Document to include any new adopting employers.

Example: Ms. Martin owns the ABC Corporation, which has a 401(k) Profit Sharing Plan. She recently purchased the XYZ Corporation that doesn't have a retirement plan in place for its employees. Ms. Martin wants to give the employees the added benefit of a retirement plan so she allows the XYZ Corporation to enter and participate in the ABC Corporation 401(k) Profit Sharing Plan as an adopting employer.

Company Name Change

1. If the name of your company has changed during the plan year list the new name of your company along with effective date of change.

-Mark n/a if no changes have been made to your company name.

Controlled Group Status

1. Indicate if your employer is a member of a controlled group of corporations or commonly controlled trades or businesses by marking "Yes" or "No".

Note: A controlled group is a group of companies controlled directly or indirectly by the same owner or group of owners.

Determination: Sheakley Pension Administration does not provide legal advice or determination to the controlled group status. Please consult with your attorney or accountant for any questions regarding your controlled group status.

Separate Lines of Business (SLOB)

Determination: Sheakley Pension Administration does not provide legal advice or determination to the separate lines of business status. The criteria for SLOBs are extensive. Please consult with your attorney or accountant for questions regarding your separate lines of business status.

Trustee

1. If any changes were made to the trustee of your plan, mark "Yes" and enter the change on the lines provided.
2. Mark "No" if the trustee remains the same as last year.

Retirement Plans

1. List all current or terminated plans sponsored by the employer in the space provided and indicate if Sheakley Pension Administration (SPA) provides the administrative services for the plan by marking “Yes” or “No”.
2. Enter the plan number and plan type for each plan in the space provided.

Note: Plan types with their abbreviations have been listed below.

Plan Status Change

If your plan document is the Sheakley Pension Prototype, you need not submit any information for item 1 below.

1. If the plan was amended, terminated or merged with another plan during the plan year, mark “Yes” on the sheet. Attach copies of these amendments, corporate resolutions, etc.
2. If no revisions were made to the plan during the plan year check “No”.

Fidelity Bond

1. Indicate if the plan was insured by a fidelity bond during the year by marking “Yes” or “No”.

Note: A fidelity bond is a bond that protects an employer and/or plan participants against dishonest or fraudulent acts.

2. If “Yes” indicate the insurance company that issued the bond and the bond amount in the space provided.
3. If “No”, you will need to contact your insurance company and make arrangements to have a fidelity bond issued that covers at least 10% of the plan’s assets.

Note: The bond may not be issued for less than \$1,000 and need not be for more than \$500,000.

Important: Please note that having a fidelity bond is a requirement set forth by the Department of Labor and Internal Revenue Service. Fidelity

bond information is reported on the Form 5500. Failure to procure a fidelity bond could increase the likelihood of a plan audit.

Example: The ABC Corporation's 401(k) Profit Sharing Plan is valued at \$100,000. ABC Corporation would need a \$10,000 ($\$100,000 * 10\%$) fidelity bond to cover their plan assets.

4. Indicate if fraud or dishonesty caused a loss in the plan (whether or not the loss was reimbursed) by marking "Yes" or "No".

Leased Employees

1. Indicate if you have any employees whom you lease from another organization that have worked for you on a substantially full time basis for at least one year by marking "Yes" or "No".
2. If "Yes" list the number of leased employees in the space provided.

Note: A leased employee is an individual who is employed by another company (leasing organization), but performs services primarily for your organization and is under your primary direction or control.

Example: Tim works as a golf professional for MBCC, Inc. He was trained by Inwood Corporation, which also pays his wages, withholds employment taxes, and retains the authority to terminate him. However, Tim is subject to the direct supervision and day-to-day control of MBCC, Inc. and must perform services in the manner dictated by MBCC, Inc. Because Tim has worked for MBCC, Inc. on a full-time basis for more than one year, he is a leased employee of MBCC, Inc.

CERTIFICATION OF CORPORATE RESOLUTION

The purpose of this document is for the board of directors/owners of your company to indicate the dollar amount they want to contribute to the plan for the current plan year. **Please contact us if you need a profit sharing or matching calculation.**

Company

1. Enter the name of your company in the space provided.

Paragraph 1

2. Insert the date the certificate of resolution was accepted by the board of directors of the Corporation.

Paragraph 2

3. Insert the date of your fiscal year-end. (Ex. 12/31/04, 6/30/2004, etc.)
4. Enter the dollar amount the Corporation will contribute for the Discretionary Matching Contribution.

Paragraph 3

5. Insert the date of your fiscal year-end. (Ex. 12/31/04, 6/30/2004, etc.)
6. Enter the dollar amount the Corporation will contribute for the Discretionary Profit Sharing Contribution.

Signature

7. Sign and date the document.

Note: The document can be signed by the plan administrator, trustee, secretary, or owner.

CENSUS REQUEST-SPECIAL NOTICE

If you have more than 20 employees, please provide the census information on a 3.5 diskette or via email as an Excel spreadsheet or ASCII text file. This allows the information to be imported into our system. Most payroll companies can provide this information in one of these formats. An Excel version of the pre-printed Census Request Worksheet can be emailed or mailed to you upon your request. Additionally, please provide a hard copy of the census information for verification purposes.

Sheakley Pension Administration will charge an additional \$150 for any census information not provided in electric format for all clients with more than 20 employees.

CENSUS REQUEST

Employee Information

Please review the pre-printed information for **all** employees and make necessary changes as needed. **Any employee who worked at any time during the year must be included in the census.** Please add any new employees along with the information from each column to the end of the list.

Columns

Name

Please list employee names in (LAST NAME, FIRST NAME) format.

Note: Add any new employees to the end of the list in the space provided.

Social Security Number

List the employee's social security number in (000-00-0000) format.

Sex

Indicate the employee's gender (M-male, F-female).

Officer

Indicate if the employee is an officer by marking Y (Yes) or N (No).

Ownership Percentage

List the ownership percentages for each owner (Ex. 80%, 40%, etc.).

Family Code

Indicate if an employee is a family member of an owner by marking “1” in the space provided. If multiple families are involved use a “2”, “3”, etc.

Note: If an individual is a member of the family of a 5 percent (or more) owner, that individual is treated as an owner as well. Family members include the employee’s spouse and any lineal ascendant (e.g. parent) or descendant (e.g. child). Previous information provided to Sheakley regarding family codes is reflected on the pre-printed information provided. Please make any changes to this data as needed.

Spouse Code

Indicate if an employee is a spouse of an owner by marking “1” in the space provided.

Note: If an individual is a spouse of a 5 percent (or more) owner, that individual is treated as an owner as well. Previous information provided to Sheakley regarding spouse codes is reflected on the pre-printed information provided. Please make any changes to this data as needed.

Date of Birth

List the employee’s date of birth in (mm/dd/yyyy) format.

Date of Hire

List the employee’s date of hire in (mm/dd/yyyy) format.

Hours Worked

Enter the total number of hours credited during the year for each employee. You may find it helpful to simply indicate hours as 1,000+ for employees who normally work over 1,000 hours and for salary employees.

Note: For any fields left blank we will assume the participant(s) worked at least 1,000 hours for all benefit purposes.

Important: The amount of hours worked for each employee is used to determine whether or not an employee earned a year of service for vesting purposes.

Date of Termination

List the date of termination for each employee in (mm/dd/yyyy) format, if applicable.

Date of Rehire

List the employee's date of rehire in (mm/dd/yyyy) format, if applicable.

Plan Compensation

Insert each employee's annual compensation.

Note: Generally, plan compensation is defined as compensation earned by the participant in the course of their employment during the year (i.e., wages reported on Form W-2). However, you should review your Plan Document to determine the compensation that should be reported in this column.

Important: Most plans include both Section 125 and 401(k) contributions as part of the reportable plan compensation for each participant. If your plan allows for the above, please be sure to include it as part of the total compensation you report to Sheakley.

Excluded Compensation

Enter the total amount of excluded compensation for each employee, if applicable.

Note: Some companies choose to exclude certain figures from compensation such as bonuses, overtime, commissions, etc. Please review your Plan Document to determine if your plan has any exclusions from compensation.