

Year End Retirement Plan Data Collection Review Webcast 1/10/2017

Q & A

Q- Is there a difference between a leased employee and a temp?

A- A temporary employee that is an actual employee of your company (you provide a W-2 at the end of the year) is considered your employee. If your Plan Document does not specifically exclude temporary employees, these types of employees are subject to the same eligibility requirements as all other employees.

If a temporary employee comes to you from a staffing company, they can potentially become a leased employee. A temporary employee can become a leased employee if they work for your company for at least 12 months, with 1,500 hours worked in those months. The employee would also need to be directed by your company in the work that they do each day. Effectively, this employee "becomes" an employee of your company.

If you are not sure if you have leased employees, please contact your Paragon Representative to review the particular situation(s).

From the IRS website: <https://www.irs.gov/publications/p560/ch01.html>

Leased employee. *A leased employee who is not your common-law employee must generally be treated as your employee for retirement plan purposes if he or she does all the following.*

- *Provides services to you under an agreement between you and a leasing organization.*
- *Has performed services for you (or for you and related persons) substantially full time for at least 1 year.*
- *Performs services under your primary direction or control.*

Exception. *A leased employee is not treated as your employee if all the following conditions are met.*

1. *Leased employees are not more than 20% of your non-highly compensated work force.*
2. *The employee is covered under the leasing organization's qualified pension plan.*
3. *The leasing organization's plan is a money purchase pension plan that has all the following provisions.*
 1. *Immediate participation. (This requirement does not apply to any individual whose compensation from the leasing organization in each plan year during the 4-year period ending with the plan year is less than \$1,000.)*
 2. *Full and immediate vesting.*
 3. *A nonintegrated employer contribution rate of at least 10% of compensation for each participant.*

However, if the leased employee is your common-law employee, that employee will be your employee for all purposes, regardless of any pension plan of the leasing organization.

Q- If employee becomes eligible to contribute at end of 2nd qtr, what amount of wages do we report on census?

A- If your plan excludes compensation earned prior to eligibility date, please provide the full year's compensation on the spreadsheet in the compensation column and then add another column and provide the compensation earned while the participant was eligible. In this case, that would be 7/1/2016 – 12/31/2016.

Q- Life insurance provided -- that is insurance we provide for the employees not something that is through the 401K plan?

A-The life insurance data we would be looking for would be for only policies through the Plan

Q-will this webinar be offered again?

A- We are providing a recording available of the webcast for you to review. At this point, there are no plans to do the same webinar, however we will let everyone know if we do change that decision and have an encore presentation. Also, your Retirement Plan Consultant would be able to review with you the online questionnaire.

Q- military leave -- does that include those that are in the reserves when they need to be away for short term?

A-Under USERRA, there are certain conditions that must be met in order to qualify for retirement benefits:

- During military leave, the employer does not compensate the employee.
- must hold or have applied for a civilian job. (Note: Jobs employers can show to be held for a brief, nonrecurrent period with no reasonable expectation of continuing for a significant period do not qualify for protection.)
- must have given written or verbal notice to the civilian employer prior to leaving the job for military training or service except when precluded by military necessity.
- must not have exceeded the 5-year cumulative limit of any form of military service, whether voluntarily or involuntarily, called or activated, such as being placed on active duty, for annual training and for training weekends.
- must have been released from service under conditions other than dishonorable.
- must report back to the civilian job in a timely manner or submit a timely application for reemployment.
- USERRA does not apply to state callups of the National Guard for disaster relief, riots, etc. Any protection for such duty must be provided by the laws of the state or territory involved

Q- how long is the link to the Annual Plan review available?

A- As of now, the link to the APRQ will be available indefinitely. However, that may change in the future, so please do print a copy for your records once the APRQ has been completed online(either hard copy or electronic) Please keep in mind that we do need the completed APRQ and census request back in order to proceed with the compliance testing and Form 5500 preparation for the 2016 Plan Year.

Q-Once the Annual Review is saved do we need to do anything else?

A- If the census spreadsheet has been completed and submitted, your Paragon Contact will be in touch with you if any questions arise from the data provided. Please note that clicking Save will not submit the Annual Review online questionnaire to Paragon. You must click Submit.