

**SURVEY OF CONSUMER FINANCES
EMPLOYER SPONSORED PENSION BENEFIT PLANS**

**PENSION PLAN SURVEY OBJECTIVES:
CODING PROCEDURES AND FORMULA NOTATION**

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INTRODUCTION

This reference manual serves as a companion document to the coding instruments used for the pension provider component of the 1983 Survey of Consumer Finances. This manual is intended to serve two purposes. First, it provides detailed guidance to the coders who are responsible for completing one or more coding instruments on the basis of summary plan descriptions (SPDs) and (occasionally) other documents submitted by cooperating pension plan providers. Second, for the benefit of members of the research community who are interested in analyzing these data, this document clarifies the nature of the information that was collected.

The organization of this manual is as follows. First, certain general guidelines for interpreting and coding information provided by SPDs are set forth. Next, a discussion of the notational conventions to be followed in coding benefit and contribution formulas is presented. Then there follows specific question-by-question instructions on how to complete each of four instruments, some or all of which a coder may be required to complete depending on the nature of the plan in question. These four instruments are:

- o Pension Provider Coversheet
- o Part I: Survey of Entitlement Characteristics
- o Part II: Defined Benefit Pension Plans
- o Part III: Defined Contribution Pension Plans

GENERAL INSTRUCTIONS

Discontinued Plan Provisions

In many cases the benefits that plan participants will eventually receive are potentially affected by plan provisions that are no longer in force. For example, an SPD may state that the current plan replaces an old plan that was terminated several years ago. The SPD may state further that participants in the current plan are guaranteed benefits that are not less than they would have received under the old plan.

Most of the questions in the instrument are phrased in the present tense; i.e., "does the plan have" various provisions in terms of eligibility formulas, benefit formulas, and so forth. This phraseology notwithstanding, in principle all plan provisions, current or discontinued, that potentially affect benefits paid should be coded to the extent possible. As the discussion of specific questions below makes clear, there are a number of places in which the instrument has been especially designed to facilitate the coding of discontinued plan provisions. However, in many cases "old" provisions are described in a relatively vague manner. In such cases, see a supervisor for further instructions.

Form of Payment

Unless the instructions for a particular question or section specifically state otherwise, formulas should be coded under the assumption that benefits will be paid in the form of a single-life annuity; i.e., payments of equal dollar amounts are made for the life of the retired participant and terminate upon his/her death. In particular, do not code so-called "level-income" options under which benefits vary in accordance with whether the retiree is concurrently receiving Social Security benefits. Also, do not code ten-year certain options (which guarantee payments to a beneficiary or the retiree's estate if he/she dies within ten years after retirement) or joint and survivor options (except as instructed in sections H and J).

Provisions that are Specific to Job Characteristics

Occasionally, an SPD will state that different provisions will apply to different categories of participants. For example, salespersons may be subject to a minimum benefit formula that is not applied to others, or vesting schedules may be different for employees stationed at different sites. In such cases see a supervisor for further instructions.

Provisions of Other Plans

Unless the instructions specifically state otherwise, code only provisions that pertain to this plan; i.e., this unique pension provider identification number (PPID) and plan number. Do not code provisions of any other retirement or profit-sharing plan, or other health or welfare plan.

Timing of Benefit Payments

At several places within the instrument, there are questions concerning whether benefit payments commence immediately upon some event (e.g., disablement, retirement, death), as opposed to being deferred to a later time (e.g., the attainment of a certain age). If an SPD states that there may be a short delay (e.g., two months) before payments begin in order to allow for the processing of paperwork, we will regard this as a case of "immediate" onset of payments.

Missing Information

All questions are to be answered, unless the instructions concerning skip patterns specifically indicate that a question is to be skipped. If the SPD does not provide sufficient information to answer a question, write "NOT CITED" in the space provided.

PENSION PROVIDER COVERSHEET

Each pension provider coversheet contains information about one pension provider and about each sample household covered by a plan from this provider.

The first pieces of information printed on the coversheet are the name of the pension provider and the Pension Provider Identification Number (PPID). Next is the sequence number, plan number, and plan name of each pension plan available through this provider. The last item on the page is a list of households covered by this pension provider, and the sequence number(s) of the plan or plans in which those households participate.

If, and only if, there is at least one household covered by more than one pension plan from this provider, a second page is printed, asking how the benefits from those plans are combined to determine the total benefit. If the participant will simply receive the sum of the benefits payable under each plan, mark box A. If the benefits are combined in some more complicated way, mark box B.

If box B is marked, not only must each plan be coded, but the method of integrating the plans must be coded as well. In most instances, this is done in the regular coding document (Part II and/or Part III). Code the integration method in the coding document for whichever plan appears only in one combination of plans. For example, if some households participate in both plan A and plan B, while other households participate only in plan A, code the integration method in the document for plan B. Everyone who gets plan B also gets plan A, therefore, everyone who gets plan B gets an integrated benefit. It would be incorrect to code the integration method in plan A, because some people participate only in plan A and do not receive an integrated benefit. If there is no plan that appears only in the plan combination of interest (e.g., some people participate solely in plan A, some solely in plan B, and some in both), a new coding document must be used to integrate the plans. In such a case, see a supervisor.

The actual coding of the integration method will be done on the formula pages of the coding instrument. For example, the integration of normal retirement benefits for two plans would be coded in Part II, page 22, question C10. First write the formula for the total retirement benefit (NRT#1) for the plan being coded. Then incorporate the normal retirement benefit from the plan or plans being integrated with it. Refer to benefits from outside plans by sequence number, e.g., 0532:NRT#1

The integrated formula might look like:

$$\text{NRT\#1 (MAX (NR\#1 OR NR\#2)) - 0532:NRT\#1}$$

Some sections might not be integrated across plans. For instance, only one of two plans might provide disability benefits. For each section (normal, early, vested deferred, disability, and survivors) in which benefits are integrated, write the integration formulas on the "total" formula page.

After the integration method has been coded, go back to the pension provider coversheet and fill in the sequence number of the document in which the coding of the integration method appears.

The final page of the coversheet, printed regardless of whether any integration is needed, is a checklist for the number of documents coded for this pension provider. Enter the total number of sequence numbers associated with this PPID. Then list each sequence number and mark the box or boxes for each document coded for that sequence number. Finally, record any information not already coded, which would help editors, programmers, analysts, etc., to understand the plan or plans offered by this pension provider.

GUIDELINES

Although the details of pension benefit formulas vary widely, there are a limited number of approaches to calculating pension benefits. The standard notation used in this study includes abbreviations for the most common elements of formulas used to define pension benefits.

Defined Benefit Plans

The instructions for Section C provide a more detailed description of some of these basic elements: FAP (final average pay), ASY (actual service years), PSY (potential service years), and SS (Social Security-- either the Social Security benefit amount or some form of the Social Security taxable wage base).

The term AGE may be used in benefit formulas but only in cases where the employee's age enters into the calculation of the benefit. For instance, the benefit formula might be \$40 times the employee's age at retirement, coded $\$40 * AGE$. AGE may not be used in benefit formulas in cases where the employee's age is the basis for a choice between two formulas (i.e., those who retire between ages 55 and 60 qualify for formula A, while those who retire between ages 60 and 65 qualify for formula B). That situation would be coded in the question on age and service requirements (C6, E8, G8, H8).

RED (reduction factor) is used when a benefit is calculated by adding some kind of penalty to a formula in order to reduce the benefit of a person who does not meet the requirements for receiving full benefits. RED is often used in formulas for early retirement, deferred vested benefits, and survivor benefits.

The terms FAP, ASY, PSY, SS, and RED are defined in a series of questions (C1-C4, E2-E6, F1, F6-F10, G2-G6, H2-H6) preceding each formula. Because definitions may vary from formula to formula, space is provided for each term to be defined in several different ways. Each unique definition of the term is assigned a number (e.g., FAP1, FAP2, FAP3, etc.), and the numbered term is used within the appropriate formula. Even when only one version of the term is defined, the number must appear in the formula.

EX: $1.5\% * FAP * ASY$ is wrong.
 $1.5\% * FAP1 * ASY1$ is correct.

Note that the term number is not a subscript. The number is much easier to read when written full size.

Two additional terms may appear in benefit formulas: some dollar amount, \$ _____, and some percentage measure, _____ %.

In standard notation, relationships within benefit formulas are described using the terms explained above, and the mathematical symbols:

+ - / *

EX: 1.5% * FAP1 * ASY2 - 45% * SS1

Relationships between formulas are described using the expressions MAX, MIN, and OR. If a retiree would receive the larger of two formulas denoted by NR#1 and NR#2, the relationship would be written as:

MAX(NR#1 OR NR#2)

MIN is used to choose the smallest of two or more formulas.

Parentheses () are used to designate the order in which mathematical operations are performed. Operations inside parentheses are performed before operations outside of parentheses. If parentheses are nested--one set of parentheses appears within another, e.g. MAX ((50% * NR#1) + NR#2) OR NR#3)--operations are performed beginning with the innermost set and moving out. In this example, NR#1 would be multiplied by 50%. The result would be added to NR#2. That sum would be compared with NR#3, and the employee would receive the larger of the two.

For any operators that appear outside of parentheses, standard mathematical rules will govern the order in which operations are performed: the first step is to perform any multiplication and division. The second step is to perform any addition and subtraction. Within each step, operations are performed from left to right.

Brackets [] are used to place qualifications on formulas or pieces of formulas that apply only if certain conditions are met. Within the brackets, the symbols < < > > are used to specify such conditions. The modification should immediately follow the term being modified and the modified term should appear within the brackets. For instance, to indicate a benefit that pays 5% of final average pay for each year of service up to a maximum of 20 years, the correct format would be:

5% * FAP2 * ASY1 [ASY1<20]

The only qualifications that may appear in the formula are those that apply to terms within the formula. Any other qualifications must be written into the questions on "ROT"--requirement for other things (C8, E10, F14, G10, H10).

The reduction term, RED, is included by following the basic formula by the expression:

- RED_ . EX: NR#1 - RED4

It is important to understand how a benefit will be calculated for an individual. First, the characteristics of that individual will be matched against the requirements for qualifying for a particular benefit (RAS, DAT, ROT, LNG, BEG). If the individual does not meet the requirements, the formula will be assigned a value of zero. If the individual does qualify for that benefit, the formula will be calculated using the appropriate information regarding his/her salary, years of service, etc.

Note that because a formula for which an individual is unqualified is assigned a value of zero, it is legitimate to write "NR#1 + NR#2", even if some people would not qualify for NR#2. For those people, the formula would be reduced to NR#1 + 0.

The same principle applies in case where a person will qualify for only one of two or more formulas. Only one formula will have a value other than zero, so the appropriate formula can be chosen by writing:

"MAX (NR#1 OR NR#2 OR NR#3)"

Use this principle to keep relationships within and among formulas unambiguous. When the employee qualifies for only one formula, write "MAX (NR#1 OR NR#2)" not "NR#1 OR NR#2". If MAX is to be used in this way, it is very important that the qualifications for receiving each formula are defined so that each set is mutually exclusive and exhaustive. In other words, every person must qualify for one and only one formula.

It is permissible to use a "total" formula (e.g., NRT#1) in a subsequent section to define a new formula, but the requirements for receiving the new formula (RAS, DAT, ROT, LNG, BGN) must be specified carefully. A total formula may represent a single formula (NRT#1=NR#1) or it may be a combination of two or more formulas (NRT#1=MAX(NR#1 OR NR#2)). In the latter case, as long as NR#1 and NR#2 have the same requirements, NRT#1 will also have those requirements. But if the requirements for NR#1 differ from the requirements for NR#2, then the requirements for NRT#1 will be a combination of the two. For example, if NR#1 had ROT=1 and NR#2 had ROT=2, then both NRT#1 and any subsequent formulas using NRT#1 would have ROT=1 or 2. Because only one term number per requirement is permitted (ROT 1 not ROT 1 or 2), a special symbol must be used whenever the requirements for a particular formula are defined to be a combination of previously defined requirements. Use the symbol $\textcircled{1}$.

It may also be desirable to use a previously coded formula in a subsequent section but to change one or more requirements for receiving

that formula. For example, a disability formula might be based on the normal retirement formula but might have the requirement that the employee must qualify for Social Security disability benefits.

The new benefit would be calculated as follows: First, any new requirements specified for the equation would replace the requirements in the original equation. Next, the characteristics of that individual would be matched against the requirements for receiving that benefit. If the individual does not meet the requirements, the formula will be assigned a value of zero, otherwise the value of that individual's benefit will be calculated.

Be careful about replacing old requirements with new ones. If a "total" formula is being used and new requirements are specified, they will replace the old requirements in every formula that composes the total formula.

Be sure not to replace any requirements that distinguish between two formulas. For instance, a plan might have two different early retirement reductions, one for people retiring between age 55 and 60, another for people retiring between 60 and 65. This would be coded as two formulas-- ER#1 and ER#2. An employee would qualify for one or the other depending on his/her age at retirement. ERT#1 would be equal to MAX (ER#1 or ER#2). Suppose further that a person who became disabled after age 55 would receive a benefit equal to whichever of the early retirement formulas was appropriate. If the disability formula were coded as ERT#1 with an age requirement of 55, the age requirements for both ER#1 and ER#2 would be replaced by the 55 year age requirement, therefore removing the characteristic that distinguishes between the two formulas. In such a case, it would be inappropriate to use ERT#1. Instead, one would use ER#1 and ER#2, preserving the different age requirements.

Standard Notation--Defined Benefit Plans

<u>Terms</u>		<u>Operators</u>	<u>Other</u>
FAP	MAX	+	()
ASY	MIN	-	[]
PSY	OR	*	
SS		/	
<u> </u> %			
<u> </u> \$			
RED			
AGE			

Summary of Rules

- (1) Use only the notation listed.
- (2) An OPERATOR must appear between each TERM in the formula.
- (3) Each TERM (except AGE) must be followed by its term number.
- (4) Parentheses () are used only to designate the order in which mathematical operations are performed.
- (5) Brackets [] are used to enclose conditional statements about TERMS within a formula. The modification should immediately follow the TERM being modified. The TERM being modified should also appear within the brackets.
- (6) The OPERATORS < < > > appear only within brackets.
- (7) When taking maximums (MAX) or minimums (MIN) use OR to separate the formulas being compared.
- (8) Relationships between or within formulas must be unambiguous.
The relationship must be expressed using one of the following: MAX MIN + - * / .
- (9) If a formula uses fractions, write it that way. Do not convert to decimals. If conversion is necessary, it will be done by an editor.
- (10) Do not round numbers. If rounding is necessary, it will be done by an editor.

Defined Contribution Plans

Standard notation for defined contribution plans is used to describe how the total contribution to an employee's account is determined. Although all the notation from defined benefit plans is available for use in the defined contribution section, for most DC plans, the contribution formula will simply be the sum of contributions from various sources. Several new terms are defined in the DC section in a series of questions (M2-M3, R2-R3, S1, T3) preceding each contribution formula.

MAN (mandatory contribution) defines the amount of the employee's annual mandatory contribution.

MMAN (matching mandatory contribution) defines the amount (if any) that the employer contributes to match the employee's mandatory contribution.

VOL (voluntary contribution) defines the amount of the employee's annual voluntary contribution.

MVOL (matching voluntary contributions) defines the amount (if any) that the employer contributes to match the employee's voluntary contribution.

CTE (total employer contribution) defines any annual contributions in which the total employer contribution is determined, and then distributed among the individual employees.

COE (other employer contribution) defines the amount that the employer annually contributes to individual accounts. COE excludes any contributions coded in CTE.

CLS (lump sum contribution) defines any lump sum contributions that the employer makes at the employee's retirement, including any contributions to achieve some minimum benefit.

Standard Notation--Defined Contribution Plans

Use the list of notation for defined benefit plans, as well as the following new TERMS:

TERMS

MAN
MMAN
VOL
MVOL
CTE
CUN
COE
CLS

Follow the rules for standard notation for defined benefit plans.

CHECK CODING AND EDITING PROCEDURES

For each part of the coding instrument (Pension Provider Coversheet, Part I, Part II, Part III) start by reading questions on "unusual characteristics" (unnumbered on Pension Provider Coversheet; Z2 on page 6 in Part I; K1 on page 134 in Part II; Y1 on page 66 in Part III) to locate trouble spots in the coding instrument. Underline useful information.

Use red pencil. Never erase the coder's answer. Even if the coder's answer is wrong, it must remain readable. If the coder has marked the wrong box, circle the answer, mark the correct box, and if necessary, fill in the blanks. If the coder's answer is to be deleted altogether, circle it and slash through the circle:



Make sure that all questions are answered and all check boxes are marked unless the skip pattern dictates otherwise. Make sure ASY is defined wherever necessary. Make sure only one box per question is marked unless the instructions state "CHECK ALL THAT APPLY".

If some provision, such as a mandatory contribution, has been discontinued, be sure that there is a note to that effect in each spot where the provision is coded.

Be sure that for each term coded (e.g. ASY1, ASY2) all questions for that term are coded.

Dates should be entered as month and year only.

Watch for missing pages. Make a special check of pages 63 and 64. If loose pages have been inserted, be sure that they are stapled into place and are marked with the plan's PPID# and SEQ#.

Be sure that any marginal notes or explanatory comments make sense. They should be geared toward someone who has not read the SPD. Any special terms should be defined. Explanations should be elaborate enough to make the note worthwhile.

Pension Provider Coversheet

Check the coversheet to see if it must be replaced — new SEQ#'s or HHID's added. If so, replace it and fill in the coversheet information in red pencil. Place the discarded coversheet in the "TO BE RECYCLED" folder.

Make sure that Question A, "Total Number of SEQ#'s" is correct. Include all sequence numbers in the total, even if no documents are coded for a particular sequence number.

Part I

Cover — Check SEQ#, PPID#, PLAN#. Look at Question A6 to be sure it is consistent with Item 4 on the cover. Fill in LENGTH, CHECKER'S ID, and DATE CHECKED.

A1. Check SEQ#, PPID#, and PLAN#.

A3a. Check whether there is only one plan entry date per year. If so, make sure the answer to A3A reflects the extra 6 months. If participants enter the plan on only one date per year, they will have to wait an average of 6 months after meeting the qualifications to begin participation.

A4. The "AFTER AGE" and "AFTER SERVICE YEARS" categories should be used only when mandatory or optional participation requirements differ from the requirements coded in A3A.

Part II

Cover -- Check SEQ#, PPID#, and PLAN#.

C1A. If ASY is defined in the SPD as years of plan participation, and if there is only one plan entry date per year, check to see that the service requirements include the extra 6 months.

C1D. If categories "c", "d", "f", "g", "i", or "j" are marked, be sure that both blanks are filled in (i.e. #WEEKS and #HOURS, or #MONTHS and #HOURS).

C3A. Make sure the checkbox is marked correctly.

C3B. Compare C3B with the checkbox for C5. In most cases, if the answer to C3B is "a" -- "MONTHLY AMOUNT", the C5 checkbox should be coded "MONTHLY," and if the answer to C3B is "b" -- "YEARLY AMOUNT", the C5 checkbox should be coded "YEARLY."

C4. Pay particular attention to this series of questions while editing (C4A-C4E), as well as to the Social Security questions in subsequent sections. It may be impossible to use NR formulas in subsequent sections if the definition of the SS term changes (e.g. from unreduced in NR to reduced in ER). In such cases, the formula would have to be rewritten, using a new SS term.

C4A. If C4A is coded either "a" or "b", be sure that all the appropriate unnumbered boxes are marked.

C4B. See C3B.

C5. Make sure that one and only one box is marked for each of the checkboxes. Make sure that all formulas conform to standard notation. Be sure that parentheses match up. Be sure that the boxes next to the formulas are filled in. If an extra formula page has been used, be sure that it is stapled into place and that the SEQ#, PPID#, and PLAN# have been entered at the top of the page.

C10. Make sure that the formula conforms to standard notation.

E5. Be sure that a new Social Security term has been coded if necessary.

F2. Remember that very often, plans exempt workers of a particular age from normal service requirements and consider them 100% vested regardless of service. In such plans, the category "AGE: _____ OR ASY: _____" should be used.

F4E. Check out any "YES" answer carefully. It is fairly unusual to find a defined benefit plan with voluntary employee contributions. This would mean that the employee chooses to make contributions to the plan, even though he/she does not receive a larger benefit by doing so.

G1A. If people do not qualify for a benefit unless they are already vested, the appropriate answer to G1A is "g."

G3. G3 should not be used if it is possible to code the formula using ASY, noting in G1B that service years continue to accrue during the disability.

Section H. Be sure that if a 50% J & S option exists, it is the option chosen for coding.

H1A. See G1A.

H6. Be careful about any "NO" answers here. Check carefully for an actuarial reduction. They are often hidden.

H6A. If joint and survivor coverage is optional, and is "paid for" by a percentage reduction for each year the coverage is in effect, that reduction must be coded under "z." It is inappropriate for category "b".

Part III

Cover -- check SEQ#, PPID#, PLAN#, and RECORDER'S ID.

L1. Check SEQ#, PPID#, and PLAN#

L2. Delete any unnecessary coding of ASY.

L2A. If there is only one plan entry date per year, and if the ASY includes only years of plan participation, check to see that the service requirement includes the extra 6 months.

M2. If the employee has the choice of making pretax or posttax contributions, this should be noted in the margin.

M2C. If contributions are made only after the employee becomes a plan participant and if there is only one plan entry date per year, check to see that the service requirement includes the extra 6 months.

M2F. Be sure that for category "a", the percentage coded is the percentage of the employee's contribution contributed by the employer (not the percentage of the employee's pay).

M2J. See F2.

M3A. Be sure that if the SPD states both an annual and a career maximum, the career maximum is coded.

R2D. Be sure that the exact allocation formula is coded -- not just an approximation of it. Write the formula into category "z" if necessary.

S3. If the plan does not provide annuity payments, be sure that fact is noted in S3, S4, X1, and Y1. If the plan does not provide annuity payments, S3 should be coded as the minimum age and service required in order to immediately receive payment based on the full value of the account.

S4. If the plan does not provide annuity payments, S4 should be coded as the age and service at which vested participants can begin to receive payments based on the full value of their account (i.e. the age to which payments are deferred).

X1. If the plan does not provide annuity payments, this should be noted here.

GLOSSARY

- 5500 Forms -- Pension plans with 100 or more participants are required to file 5500 forms annually with the ISR, DOL, and PBGC.
- 5500-C -- Pension plans with fewer than 100 participants are required to file this form every three years.
- 5500-K -- This return reports on employee pension benefit plans for sole proprietorships and partnerships. It is filed every 3 years by owner-employee plans that have fewer than 100 participants and at least one owner-employee participant.
- 5500-G -- Until recently, pension plans sponsored by governments, churches, and non-profit organizations were required to file this form.
- Accrued Benefits -- This is the benefit (or credit) that a plan participant has earned at a particular point in time. For defined benefit plans accrual refers to the accumulation of pension credits. For defined contribution plans accrual refers to the accumulation of funds in an employee's account. Normally, plan participants begin accruing benefits as soon as they join the pension plan.
- Actuarial Reduction -- Retirement benefits that are lowered by a certain percentage to reflect an extended payment period and the loss of investment earnings (for example, for early retirement) are said to be actuarially reduced. The percentage reduction depends on the mortality and interest rate assumptions used to calculate benefits under the plan.
- Administrator -- The plan administrator is the person designated as such in the plan document. If none is named, the administrator would be the sponsor of the plan, usually the employer.
- Annuity -- 1) a contract that provides an income for a specified period of time, such as number of years or for life, 2) the periodic payment provided under an annuity contract, 3) the specified monthly or annual payment to a pensioner.
- Straight Life Annuity -- Monthly payments that continue as long as the recipient lives.
- Cash Refund Annuity -- Periodic payments are made as long as the recipient lives, and upon death, any excess of the purchase price of the annuity over the sum of payments will be paid in a lump sum to the beneficiary.

- Cash Option -- The pension plan participant may choose to take the actuarial value of his benefit in a lump sum at retirement.
- Contributory Plan -- These plans are financed at least partially by employees making contributions to the pension fund. Both defined benefit and defined contribution plans may be described as contributory.
- Coverage -- Covered employees are those classes of employees who are potentially eligible to be members of the pension plan.
- Defined Benefit Plan -- The benefit amount that employers agree to pay plan participants under defined benefit plans are determined by fixed benefit formulas. The employer's pension commitment is defined by the benefit he agrees to pay planned participants.
- Defined Contribution -- This type of pension plan is characterized by contributions which are specified and benefits which vary. The employer and the employees, if the plan is contributory, contribute to the plan according to a fixed formula. Contributions are often allocated to employees by maintaining individual employee accounts. (Defined contribution plans are also called "Individual Account Plans"). Contributions are usually paid over from the individual accounts to a life insurance company or they may be accumulated in a trust fund. At retirement the benefits may be paid in a lump sum or converted into annuities.
- EIN -- The employer identification number is a nine-digit number assigned by the IRS. It is used for filing documents with the IRS, DOL, and PDGC. EINs are assigned to employers, pension plan sponsors (if different from the employer), and pension plan administrators (if different from plan sponsors). For example, if a multiemployer pension plan is sponsored by a joint labor-management board of trustees and administered by a consulting company, for purposes of this survey code the EIN of the plan sponsor, the joint board.
- ERISA -- Employee Retirement Income Security Act. This law was passed on Labor Day, 1974 and became effective in January, 1976. It regulates private pension plans by making favorable tax treatment conditional on meeting certain standards. Regulations pertain to eligibility, vesting, disclosure and funding requirements. ERISA created the PBGC.

- Early Retirement --** Many defined benefit plans allow workers to retire before reaching normal retirement age. Most of these defined benefit plans pay reduced benefits to early retirees.
- Fiduciary --** A fiduciary is anyone who has control or authority over the pension plan management or who controls the plan assets. It may include the plan administrator of anyone who gives paid investment advice.
- Full Vesting --** When certain age and service conditions are satisfied all benefits accrued to that date and thereafter are entirely vested.
- Insured Plan --** The pension plan is funded by a group annuity contract offered by a life insurance company.
- Keogh Plan --** This tax-deferred retirement savings program allows self-employed persons and proprietors of small, unincorporated businesses to establish individual accounts for themselves and their employees. They may be either defined contribution or defined benefit plans. The maximum contribution allowed by ERISA is 15% of income, and the percentage of salary contributed on behalf of employees must be at least equal to the percentage of salary contributed for the self-employed person.
- Maximum Benefit --** ERISA and the Internal Revenue Code limit maximum pension benefits. These limits are imposed on the benefits that can be provided under a defined benefit plan and the contributions that can be made under a defined contribution plan. The limits are expressed as the lesser of a percentage of compensations or a specified dollar amount. If an employee participates in more than one plan of the same type with the same employer, the limits apply to the aggregate contributions or benefits. If the employee participates in two different types of plans, the two are combined in determining the overall limit.
- Money Purchase Plan --** This is the traditional approach for allocating funds to individual participants of a defined contribution plan. Employer contributions are determined for, and allocated with respect to, specific individuals, usually as a percentage of compensation.
- Multiple Employer Plan --** These pension plans cover the employees of more than one financially independent employer. Contributions are paid into one common fund and benefits are payable from pooled assets of the fund. Nonnegotiated multiple employer

pension plans cover employees of religious, charitable, and educational institutions, as well as several state banking associations. Multiple employer plans may also be negotiated.

**Multiemployer
Plan --**

This special form of multiemployer plan is always based on a collectively bargained agreement. By definition more than one employer contributes and no employer makes as much as 50% of the contribution initially, or 75% thereafter. These plans are sponsored by a group of employers, usually within the same industry, who agree to provide benefits for all the eligible workers in any of the participating firms. Employers pay into the plan at a rate usually expressed in cents per hour of covered employment. Benefits in the pooled fund are paid to all eligible workers regardless of which employer they worked for. They allow workers to retain pension credits if they move among participating employers. Employees covered by these plans are likely to be found in manufacturing, construction, and motor transportation industries.

Negotiated Contribution

Plan --

These plans are supported solely by employer contributions and almost always administered by a board of trustees. They generally are negotiated through collective bargaining agreements. They are sometimes called "Taft-Hartley Plans," and many are multiemployer plans. The trustees establish a scale of benefits that can presumably be supported by the prospective flow of contributions. For purposes of ERISA and this survey these plans are categorized as Defined Benefit (although plan documents may label them Defined Contribution).

Normal

Retirement --

This is the earliest time at which the employee is eligible to receive full pension benefits. (It is not necessarily the age at which retirement is mandatory.) There may be more than one normal retirement age in a single plan. Many plans have a normal retirement age of 65; however, some plans have lower normal retirement ages. Many plans have service as well as age requirements in order to receive full retirement benefits.

Participants --

Participants are members of the pension plan. They may be either active employees or vested terminated or retired employees who have the right to receive deferred benefits.

**Participation Age
and Service**

Requirements --

Age and service requirements for participation in a pension plan determine when the employee will begin to accrue

benefits toward retirement, not years counted toward vesting. ERISA specifies that years of service required for plan membership cannot exceed one year (unless the plan provides for full and immediate vesting). ERISA also states that the minimum age requirement cannot be higher than 25 (with at least one year of service). Some plans may have a maximum age for participation eligibility-- usually age 50-60 when first employed.

PBGC --

Pension Benefit Guaranty Corporation. This federal insurance organization was created by ERISA to protect beneficiaries against loss of vested pension rights if the plan terminates and has inadequate assets. It is allowed the right to seek liens against the employer up to 30 percent of his net worth when the assets of the pension fund of the employer are insufficient to pay vested benefits.

Defined Contribution

Plan --

Under this type of arrangement the retiree's benefit depends on the amount of contributions plus investment earnings accumulated on his behalf. The employer's commitment is expressed as the level of pension contributions that he agrees to make on an employee's behalf.

Plan Number

(PN) --

The plan number is a three-digit number assigned by the plan sponsor to differentiate between plans that are established or maintained by the same plan sponsor. A plan sponsor will number the first pension plan "001" with consecutive numbers for any additional pension plans. Numbering for welfare benefit plans will start at "501".

Portability --

This transfer of a worker's accrued pension credits when he changes jobs is provided by multiemployer plans. However, with other plans when an employee terminates coverage under a pension plan his nonvested benefits are normally forfeited.

Profit Sharing

Plan --

This is a plan in which the employer contributes to a fund according to a formula related to profits. Retirement benefits are based on the funds plus interest.

Qualified Pension

Plan --

A pension plan that meets the participation and vesting standards designated in the Internal Revenue Code is a qualified plan and receives certain tax advantages.

Savings Plan --

This is the same as a "Thrift Plan." This plan requires the participants as well as the employer to contribute. In contrast to other contributory plans, employees can

choose how much to contribute. When employer contributions are in the form of company stock, the plan is known as a stock bonus plan. Savings plans can be combined with pension or profit sharing plans.

**Social Security
Integration --**

Pensions paid by many employer-sponsored defined benefit plans are reduced to take into account the portion of retirement income that retirees receive from social security benefits. There are two basic methods of integration with social security: a) the offset method, b) the excess methods.

**Offset
Technique --**

An employee's pension benefit is reduced by a stated percentage of PIA. The maximum reduction allowed is 83.3% of PIA. (This offset is equal to 1/2 of total Social Security benefits + 2-1/3%.)

**Excess Social Security
Integration --**

Either pension benefit accrual is allowed only on compensation above a certain level (the "integration level") or benefit accrual rates are established which are higher above a certain compensation level than below it.

PIA --

Primary Insurance Amount. This basic social security benefit (which excludes survivor and disability benefits payable under the Social Security Program) is computed by applying a higher percentage to the first portion of the workers average indexed monthly earnings than to the later portions. For example, in 1979, the PIA was 90% of the first \$180 of AIME, 32% of the next \$905, and 15% of any excess. Total social security benefits (OASDI benefits) are equal to 162% of the PIA.

Sponsor --

For pension plans established or maintained by a single employer, the plan sponsor is the employer. For plans established or maintained by an employee organization, the sponsor is the employee organization. For plans established or maintained by more than one employer or jointly by employers and employee organizations, the sponsor is the association, committee, joint board of trustees, or similar group of representatives.

SPD --

Summary Plan Description. Pension plan sponsors are required by ERISA to make SPDs available to all participants.

Stock Bonus
Plan --

This is a plan established and maintained by an employer which is similar to a profit sharing plan, except employer contributions are not necessarily dependent upon profits and benefits are distributable in stock of the employer, the purchase to be shared among employees.

Stock Purchase
Plan --

This is a deferred profit sharing plan which provides that an employee's share of the fund may be invested at his or her direction in the employer's securities, insurance contracts, or governmental obligations.

Survivor
Benefits --

ERISA requires that most pension plans offer protection for the retired employee's surviving spouse through the provision of a joint-and-survivor annuity. The joint and survivor annuity consists of a workers pension payable over the life of the participant plus a survivor pension payable over the life of the surviving spouse. This joint and survivor option is usually provided automatically unless rejected in writing by the retiree and results in a reduced retirement benefit. ERISA requires that employees also be permitted to choose an optional pension plan provision which would pay benefits to the surviving spouse of an active employee who is eligible for early retirement.

Target Benefit
Plan --

Defined contribution plans which have benefit formulas used to determine a "target benefit" are termed Target Benefit Plans. Contributions are based upon an actuarial valuation designed to provide a "target" benefit to each participant upon retirement.

Thrift Plan --

A thrift plan is another term for a "savings plan."

TIAA --

Teacher's Insurance Annuity Association. This specially chartered nonprofit insurance organization provides fully vested, fully transferable annuities for employees of educational organizations.

CREF --

College Retirement Equity Fund. Contributions to pension plan accounts of employees of educational organizations may be invested in this common stock fund.

Trusts --

Pension trusts are established by the employer and administered by a bank or trust company. Pension contributions are deposited with a trustee who invests the money to earn a return. Benefits may be paid either directly from the

trust or through the sponsoring company's pension plan administrator.

Vesting --

The right of an employee to all or part of his accrued pension benefits even if his coverage under a plan terminates before retirement, is termed vesting. An employee's accrued pension benefits derived from employer contributions become vested only if he has worked for a specified period of time. Accrued benefits from the participants own contribution are immediately and fully vested. Vesting refers to the right to receive accrued pension benefits at retirement, not at an earlier time. ERISA requires that at least 50 percent of employees benefits must be vested after 10 years of service and 100 percent must be vested after 15 years of service.

**Welfare Benefit
Plan --**

Plans, funds, or programs which are established or maintained by an employer or an employee organization or both and which provide health, accident, etc., benefits, but not retirement benefits are termed Welfare Benefit Plans.

SECTION A

- A1. The sequence number (SEQ #), pension provider identification number (PPID), and plan number (PLAN #) can all be found on the coversheet, and should be self-explanatory.
- A2. The items to be coded in response to this question also come from the coversheet. A respondent will have an integrated SEQ # only if box "B" on the pension provider coversheet is marked; see the instructions under "PENSION PROVIDER COVERSHEET" above.
- A3. Some plans permit (or require) newly hired employees in covered groups to become plan participants effective the first day on the job; in such cases mark box 1 ("YES"). Other plans restrict eligibility to participate in the plan to employees who have attained a certain age and/or been employed for a certain length of time; in such cases mark box 2 ("NO").

Some plans have only one "plan entry date" per year. New participants must wait until that date to join the plan. In such cases, the amount of time the employee must wait will depend on the date of hire. For example, if the entry date is January 1st, an employee hired on December 30th will join the plan after one day of service while an employee hired on January 2nd will join after a year of service. In such cases, code the participation requirement as 6 months (the length of the average wait). Similarly, if the plan states that new employees become members on the January 1st following the first 12 month period in which they complete 1000 hours of service, code the participation requirement as 1.5 years.

For this and all other questions in this section, code only these provisions that apply to a person who is hired today (i.e., 1983 or later).

- A3A. For those plans in which new employees are not immediately eligible to participate in the plan, code the combination of age and service requirements in the appropriate box from among "a" through "d"; these categories should be self-explanatory. If none of these boxes is appropriate, mark box "z" and write in the correct answer. Ignore other requirements such as minimum hours of work.
- A3B. Some plans have a maximum age after which new employees are not eligible to participate in the plan. In such cases, mark box "a" and write the maximum age in the blank. Note that this question pertains only to requirements affecting new employees, and should not be confused with requirements for continued participation by veteran employees. These are dealt with in Section C and D below.

- A4. If all employees participate in the plan as soon as they become eligible, without any discretion on their part, mark box "a". If participation is optional until a certain age, after which participation is automatic, mark box "b" and enter the age in the blank. If participation is optional until either a certain age is attained or a certain length of service is attained (i.e., the earlier of the two dates), after which participation is automatic, mark box "c". If participation is optional for all eligible employees, mark box "d". If none of these categories accurately describes the plan, mark box "z" and write in the correct answer.
- A5. In this question, do not code cash payments such as lifetime annuities and lump sum benefits. If there are provisions for in-kind benefits (e.g., medical benefits) provided by this plan, mark box 1 ("YES"). Cash payments that are earmarked for specific purposes, or payments to reimburse specified expenses by participants (e.g., medical expenses), are considered in-kind benefits. Hence, in the case of plans that provide such benefits, mark box 1 ("YES").
- A6. See the glossary for an explanation of the distinguishing characteristics of defined benefit and defined contribution plans, and mark the appropriate box. Special care must be taken in the case of plans in which both contribution and benefit formulas appear. Some plans are funded by a combination of employer and employee contributions. If there is a single set of formulas based on combined employer and employee contributions, then the plan is considered a defined benefit plan, and box 1 should be marked. Information concerning the employee contributions should be coded in Section F in Part II. By contrast, if the formulas provided are based on employer contributions only, and employee contributions are placed in a separate account, with separate additional benefits to be paid based on the size of the account, then the plan is a combined defined benefit/defined contribution plan; box 3 should be marked, and both Part II and Part III should be completed.

See pp. 3-4 of this manual ("PENSION PROVIDER COVERSHEET") for a discussion of how to integrate the benefits from Part II and Part III. Code the integration formulas in Part II on all applicable formula pages. Because both parts of combination plans have the same sequence number, it is not necessary to use the sequence number in the integration formulas. For instance, C10 might be coded:

$$\text{NRT\#1} = \text{MAX}(\text{NR\#1 OR CNRT\#1})$$

SECTION C

C1. Many benefit calculations take into account the employee's actual service years (ASY)--a measure of the employee's tenure with that employer. The definitions of ASY are coded in C1A-C1D. The ASYs, identified by number, i.e., ASY1, ASY2, ASY3, will be used to calculate benefits, to define other terms, or to specify requirements for receiving a benefit. Each definition of ASY has four parts:

- (C1A) any years of employment to be excluded from service credit,
- (C1B) any calendar dates that apply to the definition of ASY,
- (C1C) any maximums on the number of ASY to be used in the benefit formula,
- (C1D) the number of hours an employee must work in order to be given credit for a year of service.

Each unique combination of these four features (excluded years, dates, maximums, and hours) should be coded as a separate ASY. To code the first ASY, mark one of the boxes in the column headed "ASY1" for question C1A and fill in the appropriate blank space. Then mark one box in the column headed "ASY1" for question C1B and fill in the appropriate blank. Do the same for C1C and C1D.

If one of the benefit formulas, terms, or service requirements, uses a different ASY, move to the column headed "ASY2" in question C1A and answer the questions as before. Repeat for ASY3 if necessary.

Throughout the coding instrument, space has been provided to define three unique versions of any particular term for a given section of the coding instrument. If that section uses more than three versions of any particular term (e.g., there are more than three ASYs used in Section C to calculate normal retirement benefits), see a supervisor for further instructions.

Ignore provisions for a break in service. Assume that the employee in question has been employed continuously since his/her date of hire.

Questions C1A-C1D represent restrictions on the service years that can be used in the benefit formulas. The restrictions are applied successively. First, question C1A asks if any service prior to

plan participation is excluded. Then, given the remaining years of employment, ClB asks if service is restricted to any particular calendar time period. Third, ClC asks if there is a maximum on the service years that can be counted within that time period. Fourth, ClD asks for the minimum employment requirements necessary for receiving credit for a year of service during that time period. Note that ClA is applied before ClB. This means that "FIRST # YEARS" in ClA means the first ___ years of employment and not necessarily the first ___ years within the calendar period specified in ClB.

ClA. Some pension plans do not give credit for all years worked. There are pension plans that do not allow employees to become participants until they have met an age and/or service requirement. When calculating benefit formulas based on the employee's length of service, some of these plans give participants retroactive credit to their date of employment while others count only service from the time age/service requirements have been met.

If a plan only gives credit only for service after the date of initial plan participation, and new members are admitted into the plan only on a specified calendar date each year (e.g., July 1), then the rules described in the instructions for question A3 should be applied here.

ClB. A formula might use only service credit as of a particular date or only after a particular date. ClB asks whether specific dates are cited, not whether the formula counts only a specific number of years of service credit.

Enter only the month and year.

ClC. There may be a maximum number of service years that can be used in calculating retirement benefits, even if the employee has accrued more years. Some plans explicitly state the maximum in terms of service years. Other plans state that service beyond a certain age will not be included in the benefit formula. Any mandatory retirement age is coded in D1 and should not be repeated here.

Any maximums coded in ClC need not be repeated in the benefit formulas (C5). Remember, though, that if a maximum is specified in ClC, it applies in every instance that particular ASY is used, including sections D-H.

ClD. Some plans, especially those covering hourly workers, require that the employee work a specified number of hours in order to receive a year of service credit. Category "a" is for plans that do not

specify a minimum number of hours but rather give credit for each year of employment.

Category "b" is for plans that tally the employee's hours over a 12 month period and either give the employee credit for one year of service, or give him/her no credit for that year. Some plans specify the minimum in terms of hours per year. In other plans, employees must work a designated number of hours per month and must do so for a designated number of months per year, or must work a designated number of hours per week and must do so for a designated number of weeks per year.

Category "c" is similar to category "b" in that the employee must work a designated number of hours in order to receive a year of service credit. The difference is that category "c" is for plans that give a fraction of a year's credit for people who do not meet the minimum requirement. However, an employee cannot earn more than one credit per year, even if he/she exceeds the minimum requirement.

Category "d" is for plans that give the employee credit for a year of service each time he/she accumulates the specified hours, regardless of the time it takes to accumulate them (e.g., one person might accumulate 2/3 of a year of service credit while another might accumulate 1.5 years of service credit during one 12 month period). Such provisions are often found in multi-employer plans.

The codes "# WEEKS PER YEAR, AND # HOURS PER WEEK", and "# MONTHS PER YEAR, AND # HOURS PER MONTH" are to be used only if the SPD does not use hours per year to define the minimum--if the SPD says that the employee receives a year of service credit if he/she works either 1500 hours per year or 125 hours per month, and fractional credit for fewer hours, mark box "e" only, and enter "1500" in blank (1).

If you use category "c", "d", "f", "g", "i", or "j", you must fill in both blanks for the code, i.e., both the minimum number of weeks per year and the minimum number of hours per week. It is incorrect to write 52# WEEKS PER YEAR, AND
HOURS PER WEEK

If the SPD states that an employee gets 1/12 of a year of credit for each month of employment, but does not specify a minimum number of hours he/she must work in that month, mark box "g" and write:
12# MONTHS PER YEAR, AND
1# HOURS PER MONTH

Ignore more detailed explanations of how fractional credit is calculated. For instance, a plan might give full credit for 2000 hours of service, fractional credit for service between 1000 and 2000 hours, and no credit for fewer than 1000 hours of service.

Mark box "e" and write in 2000 hours per year. Ignore special provisions for the first and last years of service. Also, ignore details concerning whether the relevant accounting period for computing ASY is the calendar year or some other period (e.g., the twelve months ending March 31).

- C2. Some benefit formulas include a measure of potential years of credited service. Potential service years (PSY) is the maximum number of years the employee could have accumulated had he/she worked continuously from the date his/her service first began to accrue, until some designated termination point (often age 65).

The definitions of PSY for use in the benefit formulas are coded in C2A-C2C. Each definition of PSY has three parts:

- (C2A) the starting and ending points for counting potential service years,
- (C2B) any dates that apply to the definitions of PSY,
- (C2C) any maximums on the number of PSY to be used in the benefit formulas.

Code each unique combination of starting/ending points and maximum as a separate PSY (see explanation of ASY at C1).

- C2A. Some pension plans begin to count potential service years at the date of employment while others begin counting after an age and/or service requirement has been met. Mark the box that describes the starting point for counting potential service years, and fill in the appropriate blanks.
- C2B. A formula might use service credit accrued as of a particular date or only that service credit accrued after a particular date. C2B asks whether specific dates are cited, not whether the formula counts only a specific number of years of potential service credit.
- C2C. There may be a maximum number of PSY that can be used in calculating retirement benefits.
- C3. Many benefit calculations take into account some measure of the employee's earnings, often measured near the end of his/her career, hence the term "final average pay" (FAP).

Answer "YES" to C3 only in cases where FAP is part of the benefit formula. Some formulas pay a flat dollar amount or a dollar amount per year (or month) of service. It may be the case that the employee's wage determines the dollar amount, but the employee's wage does not directly enter the benefit calculation. See a supervisor in the case of such benefit formulas.

The definition of FAP for use in the benefit formulas is coded in C3A-C3E. Each definition of FAP has five parts:

- (C3A) the number of years or months that define FAP,
- (C3B) whether the benefit formula uses a monthly or a yearly FAP,
- (C3C) any calendar dates that apply to the definition of FAP,
- (C3D) any maximums on age or service, and
- (C3E) any maximums on salaries used in the calculation of FAP.

Each unique combination of these five features (number of years, monthly vs. yearly FAP, dates, age and service maximums, and salary maximums) should be coded as a separate FAP (see explanation of ASY at C1).

For each definition of FAP, check the box to indicate whether the SPD defines FAP in terms of monthly or yearly time periods. For instance, one SPD might define FAP as the average of the 5 highest consecutive year's salaries out of the final 10 years of employment. Another SPD might define FAP as the average of the highest consecutive 60 months out of the final 120. Both of these examples would be coded in category "g" of C3A. For the first case, mark the box indicating that the definition is given in terms of years. Enter the numerals 5 and 10 in the appropriate spaces of code "g." For the second case, mark the box indicating that the definition is given in terms of months. Enter the numerals 60 and 120 in the appropriate spaces of code "g". Code FAP in the same terms used in the SPD; do not convert months to years or vice versa.

- C3A. Use category "a" if FAP is defined to be the wage rate the employee is earning on the day he/she retires. Use category "d" if FAP is defined to be the employee's average wage during his/her final month/year of service. The most common method of calculating a retirement benefit under a defined benefit plan is to (1) wait until the employee retires, (2) calculate FAP based on some career average earnings, and (3) calculate the retirement benefit. But

under some defined benefit plans, the employee accrues a "benefit credit" each year. The "benefit credit" each year is based on the pension formula and the current year's salary. The benefit payable at retirement is the sum of the benefit credits. For example, each year the employee might earn a benefit credit equal to 10% of that year's salary. To code such a plan, use category "b" in C3A ("TOTAL OF ALL MO/YRS."). The benefit formulas in C5 would be written as "10% * FAP1", the mathematical equivalent of the sum of each year's benefit credits. Notice that if FAP is defined as "TOTAL OF ALL MO/YRS", FAP will normally not be multiplied by ASY in the benefit formula (C5).

In coding FAP, ignore detailed descriptions of the type of income to be included or excluded—commissions, bonuses, overtime, etc. Also ignore special provisions for calculating FAP if the employee has fewer years of service than the normal averaging period (e.g., FAP is normally calculated the highest 5 out of the final 10 years, but all years of service are used if the employee has been employed fewer than five years).

- C3B. This question asks if the normal retirement benefit formulas are calculated using final average monthly pay or final average yearly pay. This question is completely independent of whether FAP is defined in terms of months or years in C3A. SPDs often define FAP in terms of some final number of years, yet present formulas using final average monthly pay to calculate a monthly retirement benefit.
- C3C. In some plans, especially those with a past service formula, FAP is calculated using only salaries earned as of a particular date or only after a particular date. C3C asks whether specific dates are cited, not whether the calculation of FAP considers only a specific (final) number of years.
- Enter only the month and year.
- C3D. In some plans, FAP is calculated using only salary earned up to the point at which the employee reaches a particular age or number of years of service, even if the employee continues to work. Code such a maximum here.
- Mark the checkbox and specify by number the measure of ASY (if any) used in this maximum. Use the ASY number (ASY1, ASY2, ASY3) defined in C1A.
- C3E. Some plans specify a limit on the monthly or yearly salary that can be used in the calculation of FAP. This question is not asking whether there is a limit on the value FAP can take on in the bene-

fit formula. It is asking whether there is a limit on the yearly or monthly salaries that compose FAP.

- C4. Pension plans often take into account federal Social Security benefit payments. One approach is to subtract some portion of the retiree's Social Security benefit from the amount that the pension plan would otherwise pay. The general form of such a pension formula is $x\%$ of FAP minus $y\%$ of SS. The second approach is to use the Social Security taxable wage base as a breakpoint in the benefit formula. This means that FAP below the Social Security taxable wage base is treated differently than FAP in excess of the Social Security taxable wage base. The general form of such a pension formula is $x\%$ of FAP up to the SS wage base plus $y\%$ of FAP in excess of the SS wage base.

The definitions of SS for use in the benefit formulas are coded in C4A-C4E. Each definition of SS has five parts:

- (C4A) how the Social Security term is used,
- (C4B) whether the benefit formula uses a monthly or a yearly SS,
- (C4C) any dates that apply to the definition of SS,
- (C4D) any maximums on the amount of Social Security used in the benefit formula, and
- (C4E) the technique used to estimate the SS benefit for people who retire early.

Code each unique combination of Social Security term, monthly vs. yearly SS, date, maximum, and estimation technique as a separate SS (see explanation of ASY at C1).

- C4A. If the formula uses the Social Security benefit amount, use category "a" and check the appropriate boxes. The Social Security primary benefit amount is that portion of a retiree's benefit to which he/she is entitled based on his/her own employment. The Social Security joint benefit amount is the combined family benefit received, including any benefit for spouse and/or dependents.

Social Security benefits are paid either in a reduced amount (if payments begin at or after age 62 but before age 65) or in an unreduced amount (if payments begin at age 65 or later).

Remember to mark both primary vs. joint and unreduced vs. reduced.

There are a number of different ways benefit formulas use some form of the Social Security taxable wage base as a breakpoint. These variations are coded in category "b". If the employee's benefits will be calculated using the Social Security taxable wage base in effect during the year he/she retires, mark the box "AT RETIREMENT" and the box marked "ACTUAL" (i.e., the actual SS wage base in effect at retirement).

If the employee accrues a "benefit credit" each year (see explanation of "benefit credit" at C3A), based on a formula that incorporates that year's wage base, mark the boxes "CAREER TOTAL" and "ACTUAL" (i.e., the retirement benefit is based on actual Social Security wage bases throughout the employee's career).

Some benefit formulas use an estimate of the average level of the Social Security wage base over the employee's career. The Social Security Administration publishes such a measure. SPDs often describe this measure as the "Social Security Average Wage Base" or as "Covered Compensation." The career average wage base depends on the year that the employee retires, so plans often present a table of average wage bases for various retirement years.

In many cases, the SPD says that the benefit formula will use the average wage base as of the employee's retirement date. In such a case, mark the boxes "CAREER AVERAGE" and "ESTIMATED AT RETIREMENT". The reason this is an estimated rather than an actual average is that the Social Security Administration's figures are based on an assumed number of continuous years of service. If any particular employee's work history has deviated from that pattern, the estimate will probably differ from the actual average of wage bases over his/her career.

In a few cases, benefit formulas use an average wage base estimated in some particular year, even though the estimate has become outdated. The Social Security Administration publishes tables of estimated career average wage bases, based on predictions about future increases in the wage base. Even after the predictions prove false, some plans continue to use the estimates. These plans often state that they use the Covered Compensation estimates as of a particular year. For these plans, mark the boxes "CAREER AVERAGE" and "ESTIMATED IN YEAR: 19__", and enter the year in the blank. If it is unclear what year's estimate is being used, see a supervisor.

If some other version of the Social Security taxable wage base is used, mark the unlabelled box and fill in a description.

C4B. This question asks if the normal retirement benefit formulas are calculated using a monthly Social Security term or an annual Social Security term. If the benefit formulas contain a Social Security offset, mark box "a" or "b" depending on whether the monthly or

annual Social Security benefit is used. If the Social Security taxable wage base is used as a breakpoint, the answer will be "b" in most cases. Use category "c" if the formula uses the career total SS wage base as a breakpoint.

- C4C. This question asks if the value of the Social Security term is determined as of a specific calendar time period. In almost every case, if the SS term is defined to be the Social Security benefit amount, the answer to C4B will be "a", "COVERS ALL YEARS: NO SPECIFIC DATES CITED".

The only time specific calendar dates might apply is when the Social Security term is defined to be some form of the Social Security taxable wage base. If the formula specifies that it uses the wage base in effect during a particular calendar time period, use "b"- "d" as appropriate. Enter only the month and year.

- C4D. Record here any maximums that are unique to the Social Security term. Mark the checkbox and specify by number the measure of ASY (if any) used in this maximum. Use the ASY number (ASY1, ASY2, ASY3) defined in C1A.

A maximum can exist only if the amount of the Social Security offset varies from person to person. This usually occurs when the Social Security term is multiplied by actual service years. For example, a plan might state that the offset is an amount equal to 1.5% of the Social Security benefit multiplied by the employee's years of service, but that the offset will be no greater than 50% of the employee's Social Security benefit.

In some plans, a fixed percent of Social Security is subtracted from each pension benefit, regardless of the retiree's age or years of service. A typical formula would be:

$$(1.5\% * FAP2 * ASY1) - 45\% * SS1$$

The 45% would not be coded as a maximum.

It is not necessary to code implied maximums that have been recorded elsewhere. If the Social Security term is multiplied by ASY, and the limit on ASY has been coded in C1C, the maximum need not be repeated in C1C. For instance, an SPD might state that the offset is an amount equal to 2% of the Social Security benefit multiplied by the employee's years of service, and that credit for a maximum of 25 years of service can be accumulated. There is an implied maximum offset of 50% of Social Security benefits; however, this is not recorded here.

C4E. Plans that include Social Security offsets usually base the offset on the actual amount of Social Security the employee begins to receive at retirement. If the participant can retire before he/she is eligible for SS, some estimate of the SS benefit amount must be made for use in the retirement benefit formula. Code the estimation method here. If the benefit formula does not contain a SS offset (i.e., the SS term refers to the taxable wage base), mark box "a".

C5. Code in C5 formulas for all benefits and supplements that would be received from the defined benefit pension plan at normal retirement. Normal retirement means that the employee could retire and immediately begin to receive an unreduced pension. Do not include benefits from defined contribution accounts, even if they are subtracted from, or in some way related to the defined benefit payments. This will be coded elsewhere. Code formulas as they apply to a single person who receives benefits only during his/her lifetime; modified formulas that determine benefits for a spouse or other survivors will be coded elsewhere. If there are or were employee contributions to the plan, code the benefit that the employee would receive if he/she chose not to make a lump-sum withdrawal of contributions at retirement.

Express the defined benefit formulas using the terms coded in C1-C4. Use only standard notation (see GUIDELINES, STANDARD NOTATION--DEFINED BENEFIT PLANS).

Some plans may present benefits in the form of a table. They may pay a flat dollar amount per year (or month) of service. It may be the case that the employee's wage determines the dollar amount used but does not directly enter the benefit calculation. Or the amount of the retirement benefit may depend on the employee's occupation. In the case of such tables, see a supervisor for further instructions.

If the formula includes a FAP that was defined in question C3A above as being total wages or salaries (box "b"), then FAP will normally not be multiplied by ASY.

Space is provided for coding up to five formulas. The different formulas (if more than one per plan) may be alternatives (for example, the employee receives whichever formula produces the highest benefits), or they may be summed or related in various other ways to calculate the actual benefit. In C5, simply write the formulas. Their relationship to one another will be coded in C10. However, it may be necessary to use such terms as "MIN" or "MAX" within a formula coded in C5.

If there are more than five normal retirement formulas, write the additional formulas on the attachment for extra formulas, mark the PPID and Plan #, and attach the sheet to the coding instrument.

Code benefit formulas the same way they are presented in the SPD, either monthly or annually. The only restriction is that the coding must remain consistent throughout the coding instrument. Check the box in C5 to indicate whether the formulas determine monthly or yearly benefits.

Be sure to clearly indicate all decimals, dollar signs, and percent signs.

After writing the formulas, go to C6-C9. Code definitions for RAS, DAT, ROT, and LNG. Return to C5 and enter the appropriate numbers for RAS, DAT, ROT, and LNG in the box next to each formula. The terms in the box define the conditions that must be met in order to qualify for that particular formula. Each formula may have only one RAS, one DAT, one ROT, and one LNG. It is incorrect to write RAS 1 or 2.

There may be cases in which one writes the same formula twice (NR#1 and NR#2), simply because different RAS/DAT/ROT/LNG combinations are involved. For example, one may qualify for a particular benefit at age 65, or at age 60 if the employer gives approval. The formulas themselves would be identical but the first formula would have a RAS defined as "AGE 65" and a ROT defined as "NO OTHER SPECIAL REQUIREMENTS" while the second formula would have a RAS defined as "AGE 60" and a ROT defined as "EMPLOYER APPROVAL REQUIRED".

- C6. Record all combinations of age and service at which an employee could retire and immediately begin to receive an unreduced pension. Note that the age and service requirements coded here are independent of the vesting schedule. Code the age and service at which an employee is eligible to retire, regardless of whether or not he/she is fully vested. If vesting percentages are automatically increased to 100 percent at normal retirement age, as is the case with many plans, this fact should be coded in Section F below. Normal retirement may include age/ service requirements in addition to those labeled "normal" in plan documents. Note that categories "d"- "f" are identical and are repeated to allow you to record several alternative combinations.

Do not code age/service requirements which qualify an employee to receive normal retirement benefits only under certain circumstances (such as disability, layoffs, plant shutdowns, or retirement at the request of the employer).

Do not code age/service requirements which would result in a reduced pension. Similarly, if retirement benefits will not commence until a later time than the specified age/service requirement (apart from administrative delays associated with processing applications for retirement benefits), this is not classified as normal retirement.

Each unique combination of age and service should be coded as a separate RAS. To code the first RAS (in the column headed "RAS1"), mark boxes for all combinations of age and service that would qualify an employee to receive benefits under a particular formula. If the age/service requirement is solely a function of age and not service; the box labeled "NOT USED" must be checked at the top of the column. However, if there is a minimum service requirement, the box labeled "ASY" must be checked, and the number corresponding to the correct ASY must be filled in. If the relevant ASY is the sum of two variables (e.g., ASY1+ASY2), then both numbers should be written into the blank (e.g., "1+2"). Fill in the blanks marked (1) _____ for those boxes. For example, an employee might qualify for a particular formula at age 60 with 10 years of service, or at age 65 regardless of service. This example would be coded:

RAS1	RAS2	RAS3	DEFINE ASY: (1) <input checked="" type="checkbox"/> ASY <u>1</u> (2) <input type="checkbox"/> ASY _____ <input type="checkbox"/> NOT USED <input type="checkbox"/> NOT US
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NO MINIMUM AGE OR ASY
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	MINIMUM AGE OF: (1) <u>65</u> (2) _____ AND NO MINIMUM ASY.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	MINIMUM ASY OF: (1) _____ (2) _____ AND NO MINIMUM AGE.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	MINIMUM AGE OF: (1) <u>60</u> (2) _____ AND MINIMUM ASY OF: (1) <u>10</u> (2) _____
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	MINIMUM AGE OF: (1) _____ (2) _____ AND MINIMUM ASY OF: (1) _____ (2) _____
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	MINIMUM AGE OF: (1) _____ (2) _____ AND MINIMUM ASY OF: (1) _____ (2) _____
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	AGE PLUS ASY OF: (1) _____ (2) _____ NO MIN AGE OR ASY
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	AGE PLUS ASY OF: (1) _____ (2) _____ AND MINIMUM AGE OF: (1) _____ (2) _____
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	AGE PLUS ASY OF: (1) _____ (2) _____ AND MINIMUM ASY OF: (1) _____ (2) _____
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	AGE PLUS ASY OF: (1) _____ (2) _____ AND MINIMUM AGE OF: (1) _____ (2) _____ AND MINIMUM ASY OF: (1) _____ (2) _____
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	OTHER (SPECIFY BELOW):

RAS1: _____
RAS2: _____
RAS3: _____

If one of the benefit formulas has a different set of age/service requirements, move to the column headed "RAS2" and answer the questions as before. Repeat for "RAS3" if necessary.

- C7. Often when pension plans are revised, old formulas are gradually phased out. The SPD may present several different formulas, each in effect for some specific calendar time period. The employee receives a benefit based on whichever formula is in effect on his/her retirement date. Do not use this question to code outdated formulas. Code only those formulas in effect January 1983 or later. This question asks whether a person has to retire during a specific calendar time period in order to qualify for a particular benefit. The question should only be used to specify those calendar dates (if any) which affect formulas that apply to people retiring in January 1983 or later.

Enter only the month and year.

- C8. Record anything not coded elsewhere that determines whether or not an employee qualifies for a particular normal retirement benefit.

Plans often have special formulas that apply only to people who became plan participants during a particular calendar time period. Use boxes "e"- "h" to code such formulas. This is not to be confused with the calendar time restrictions on ASY, PSY, and SS that were discussed above.

- C9. This question asks how long the normal retirement benefit and supplemental payments last. In some plans, the employee receives a regular benefit payment for life as well as a one time lump-sum supplement payment. In such a case, mark box "a" in column LNG1 and box "h" in LNG2. Do not use category "h" to code a formula for the amount an employee would receive upon exercising a lump-sum withdrawal option at retirement.

Some plans with Social Security offsets allow an employee to retire and begin to receive normal retirement benefits before he/she qualifies for Social Security payments. When Social Security payments begin, the retirement benefit is adjusted to include the SS offset. In such a case, code the normal retirement benefit as two formulas: one without the offset, paid "until eligible for SS benefits" (box "f" under LNG1) and one with the offset, paid "after eligible for SS benefits" (box "g" under LNG1).

When using categories "f" or "g", note the type of SS benefit for which the employee must qualify: unreduced (age 65 benefit) or reduced (age 62 benefit).

After completing C6-C9, go back to question C5. In the box next to each formula, enter the numbers of the RAS, DAT, ROT, and LNG that apply.

- C10. Use the formula numbers coded in Section C and standard notation (see GUIDELINES, STANDARD NOTATION--DEFINED BENEFIT PLANS) to express how the formulas in Section C are related to one another. For example, an employee might get the sum of three formulas, the largest of three, or some amount determined by a more complicated relationship among various formulas. If there is only one benefit formula, repeat its number here (i.e., NR#1).

Use only formula numbers and standard notation.

See pp. 3-4 of this manual ("PENSION PROVIDER COVERSHEET") for a discussion of how to use this question to integrate defined benefit and defined contribution plans, if necessary.

SECTION D

- D1. Some plans will specify an age at which employees must retire (unless the employee is working in a state which prohibits mandatory retirement or has a higher mandatory retirement age).
- D2. The "special adjustment factor" must be a "bonus" paid to people who work beyond normal retirement age. If people who retire late receive the same benefit they would have received had they retired at the normal retirement age, mark box 5—"USE NORMAL RETIREMENT FORMULAS AND MAXIMUMS". Similarly, if people who retire late receive a larger benefit simply because additional service years or a larger salary is used in the normal benefit formula, use box 5.
- D3. Mark the checkbox and specify by number the measure of ASY (if any) used in the adjustment factor. Use the ASY number (ASY1, ASY2, ASY3) defined in CIA.

Use category "a" for cases in which benefits are actuarially increased. First, mark whether the increase is a bonus paid for work after a specified age, after a specified number of years of service, or after accruing a specified number of "points" (calculated by summing age and service years). If the actuarial increase is based on working beyond some other benchmark, mark the unlabelled box and write a description of that benchmark in the blank.

Next, enter the age, number of service years, number of "points", etc. in one of the blanks. The choice of blanks depends on whether or not there is some maximum after which further employment will not be rewarded with the "special adjustment." A mandatory retirement age should not be coded as a maximum here.

Category "b" is for adjustments in which a percentage or a dollar amount is multiplied by the number of years the participant works past a specified age, past a specified number of years of service, or after accruing a specified number of "points". Mark the appropriate boxes, using the unlabelled spaces if necessary. Next, enter the dollar amount or percent as well as the age, number of service years, or number of "points" in the appropriate blanks below.

Category "c" is for adjustments based on a flat dollar amount or percentage increase. The dollar amount or the percentage depends on the employee's years of service, or number of "points". For example, a formula might pay an extra \$500 for each year the

employee works between age 65 and age 70, and pay an additional \$300 for each year the employee works after age 70.

Mark the boxes as described under category "b" above. Then fill in the blanks using as many lines as necessary. The example above would be coded:

_____	UNDER (NO MIN):	_____
<u>\$500</u>	FROM (MIN):	<u>65</u>
	(TO):	<u>70</u>
_____	FROM:	_____
	TO:	_____
_____	FROM:	_____
	TO (MAX):	_____
<u>\$300</u>	OVER (NO MAX):	<u>70</u>

Note that question D3 asks for adjustment rate per extra year, not month, of service.

SECTION E

- E1. Code only early retirement at the option of the employee, not at the request of the employer.

- E2. If the early retirement formulas use the same definitions(s) of ASY that are used for normal retirement, mark box 2.
 - E2A. See C1A.
 - E2B. See C1B.
 - E2C. See C1C.
 - E2D. See C1D.

- E3. See C2.
 - E3A. See C2A.
 - E3B. See C2B.
 - E3C. See C2C.

- E4. See C3.
 - E4A. See C3A.
 - E4B. See C3B.
 - E4C. See C3C.
 - E4D. See C3D.
 - E4E. See C3E.

E5. Be careful about marking "USE PRIOR DEFINITIONS" for this question. Sometimes normal benefit formulas include a Social Security offset based on the unreduced Social Security benefit, while the early retirement offset is based on the reduced Social Security benefit. In such cases, a new Social Security term must be defined in E5.

E5A. See C4A.

E5B. See C4B.

E5C. See C4C.

E5D. See C4D.

E5E. See C4E.

E6. Early retirement formulas often include a reduction factor—a "penalty" for retiring before normal retirement age. Because early retirees receive pension benefits for more years than do people who retire at the normal retirement age, the early retirees are paid smaller monthly/annual benefits.

Mark the checkbox and specify by number the measure of ASY (if any) used in the adjustment factor.

Category "a" is for actuarial reductions. With this type of reduction, the employee receives a benefit that is actuarially equivalent to the benefit the employee would have received had he/she retired at some later point—normal retirement age, some other age, or the time his/her age plus service years was equal to a specified number of "points" (age plus years of service). If the reduction is the actuarial equivalent of a benefit calculated at some other point, use the unlabelled box.

Category "b" is for reductions in which a percentage or a dollar amount is multiplied by the number of years the participant retires before reaching a specified age, a specified number of years of service, or a specified number of "points". Mark whether the reduction is a dollar amount or a percentage. Then mark whether the reduction is based on AGE, ASY, or AGE+ASY. Next, enter the age, number of service years, or number of "points" in the blank. For example, if the reduction is 4% for each year the employee retires before age 65, mark the % box and write 4 in the blank below. Then mark the AGE box and write 65 in the blank below.

It may be necessary to write a symbol for an age and service requirement (e.g., RAS2) in the unlabelled box underneath "AGE+ASY". This would be the case for a plan in which normal retirement could not be described as a single AGE, a single ASY, or a single AGE+ASY. For example, normal retirement might be defined as either age 65, or age 63 with 5 years of service.

Category "c" is for reductions based on a flat dollar amount or percentage. The dollar amount or the percentage depends on the employee's age, years of service, or number of "points". Mark the boxes as described under category "b" above. Then fill in the blanks using as many lines as necessary.

SPDs often present reductions in the form of a table which can be appropriately coded in category "c". One example of such a table is:

<u>Age at Retirement</u>	<u>Percentage of Normal Retirement Benefit Payable</u>
55	60
56	62
57	64
58	66
59	68
60	70
61	76
62	82
63	88
64	94
65	100

Note that the benefit payable at age 64 is 6% less than that payable at age 65, the benefit payable at age 63 is 6% less than that payable at 64, and so on until age 60. At that point, the reduction becomes 2% per year. To code this reduction, mark the % and AGE boxes. Then fill in the blanks as follows:

_____	UNDER (NO MIN):	_____
2	FROM (MIN):	55
	(TO):	60
_____	FROM:	_____
	TO:	_____
6	FROM:	60
	TO (MAX):	65
_____	OVER (NO MAX):	_____

Note that the space "FROM (MIN)" was used because the minimum age at which this formula can be applied is 55.

A second example of a table which can be appropriately coded in category "c" is:

<u>Age at Retirement</u>	<u>Percentage of Normal Retirement Benefit Payable</u>	<u>(Change in %)</u>
62	100.0	
61	93.3	6.7
60	86.7	6.6
59	80.8	5.9
58	75.2	5.6
57	69.4	5.8
56	63.5	5.9
55	57.9	5.6

Note that the reduction from age to age is irregular and cannot be coded in the same manner as the example above. The reduction will be summarized by coding the beginning point, the end point, and one mid-point. Mark the % and AGE boxes under category "c". Then fill in the blanks as follows:

_____	UNDER (NO MIN):	_____
<u>5.6</u>	FROM (MIN):	<u>55</u>
	(TO):	<u>56</u>
<u>5.6</u>	FROM:	<u>58</u>
	TO:	<u>59</u>
<u>6.7</u>	FROM:	<u>61</u>
	TO (MAX):	<u>62</u>
_____	OVER (NO MAX):	_____

- E7. See C5 and GUIDELINES, STANDARD NOTATION--DEFINED BENEFIT PLANS.
- E8. See C6.
- E9. See C7.
- E10. See C8.
- E11. See C9.
- E12. See C10 and GUIDELINES, STANDARD NOTATION--DEFINED BENEFIT PLANS.

SECTION F

- F1. Employees' retirement benefits are vested when the employee is given a legal right to receive benefits at retirement, even if the employee leaves the job before retirement age. Vesting rules are usually stated in terms of the percentage of the retirement benefit to which the employee is entitled after a specified number of years of service. Often, the definition of service years for determining vested benefits is different than the service years used to calculate benefits. Code any new definitions of ASY here.

Also see CIA.

F1A. See C1B.

F1B. See C1D.

- F2. Code the vesting schedule for the defined benefit plan. If the plan is a combination defined benefit and defined contribution plan, vesting schedules for the two parts of the plan will usually be different and will be coded separately.

Do not code information on rights to benefits when the employee retires early or becomes disabled.

Record vesting schedules for receiving deferred pension benefits at the normal retirement age. Some plans may specify different (more stringent) requirements for receiving deferred vested benefits at the early retirement age; however, these should not be coded.

In category "b" participants are immediately fully vested.

Category "c", cliff vesting, is for plans in which the vesting percentage increases from 0% to 100% with no intermediate steps, after the employee has worked a specified number of years. Use the code "AGE: OR ASY: " if the plan exempts workers of a particular age from the normal service requirements and considers them 100% vested regardless of service. If service requirements are lowered (e.g., from ten to five years) for participants retiring at a particular age, make a note in the margin (e.g., "or age 60 and 5 ASY1").

Category "d", step vesting, is for plans that have at least one intermediate step involving partial vesting before full vesting is reached. Space is provided for coding three steps. Code in the first set of blanks the point at which the employee first attains a right to a portion of the retirement benefit. Code in the third

set of blanks the point at which the employee becomes 100% vested. In the remaining set of blanks, code the middle step (i.e., if there are five steps code the third, if there are seven steps code the fourth, etc.). If there are an odd number of steps and therefore are two middle steps, code the one that is closest to 50% vesting. Note the instructions under cliff vesting above regarding special vesting provisions for people who retire at a particular age.

F3. Answer "YES" only if the employees' contributions are used to
F3A. finance the defined benefit. Answer "NO" if the employee makes contributions only to a defined contribution account. (The contributions are kept separate to be invested or to accrue interest. The value of the retirement benefit is not calculated by a formula, but rather depends strictly on the amount of money in the account at retirement.)

F4. Mark the checkbox to indicate whether the employees' contributions are based on his/her pre-tax or post-tax salary.

Note that this question asks about the annual contribution.

Use category "a" if the employee contributes a flat dollar amount per year.

Use category "b" if the employee contributes a fixed percentage of pay. Enter the maximum contribution in the appropriate blank. If there is no maximum write "NO MAX".

Use category "d" for plans in which the employee contributes a fixed percentage of that portion of his/her pay up to the Social Security taxable wage base.

Use category "e" or "f" for plans in which the employee contributes a fixed percentage of that portion of his/her pay above the Social Security taxable wage base.

Use category "g" for plans in which the dollar amount or percent contributed depends on the employee's PAY, AGE, and/or ASY. First check the box indicating whether the employee contributes a dollar amount, a percent of pay, or a percent of pay above or below the Social Security taxable wage base. Then check the box indicating whether the amount contributed depends on PAY, AGE, and/or ASY. Fill in the appropriate blanks using as many lines as necessary.

As an example, category "g" would be used to code a plan in which the employee must contribute 2% of his/her salary per year until reaching age 40 and must contribute 5% each year thereafter until retirement. Mark the boxes "X PAY" and "AGE". Then fill in the blanks as follows:

<u>2</u>	UNDER (NO MIN):	<u>40</u>
_____	FROM (MIN):	_____
	(TO):	_____
_____	FROM:	_____
	TO:	_____
_____	FROM:	_____
	TO (MAX):	_____
<u>5</u>	OVER (NO MAX):	<u>40</u>

Note that the "NO MIN" and "NO MAX" categories are used. It is not necessary to repeat as a "MIN" the age requirement for plan participation, nor is it necessary to repeat as a "MAX" the mandatory retirement age. Code a "MIN" only in cases where the SPD specifically states that no contributions are required before a specified age, even if the employee may participate in the plan before that age. Similarly, code a "MAX" only in cases where no contributions are made after a specified age, even if the employee may work beyond that age.

It might be necessary in this question to split a mandatory contribution into two parts. For example, a plan might require a contribution of 2% of that portion of pay below the Social Security taxable wage base and 5% of that portion of pay above the Social Security taxable wage base. Mark category "d" under MAN7 and write "2" in the blank. Mark category "e" under MAN8 and write "5" in the blank.

- F4A. See C4A for a description of the different forms the Social Security taxable wage base might take. Remember that the career average SWB is often called "covered compensation".
- F4B. Code the general policy on withdrawals. If withdrawals are only permitted in cases where the value of the contributions is small, consider the answer to be "NO".
- F4C. If the employee cannot withdraw the mandatory contributions, mark box "z" and write in "DOES NOT APPLY".

F4D. If the employee cannot withdraw the mandatory contributions, mark box "z" and write in "DOES NOT APPLY".

F5. A plan may specify that if an employee wishes to contribute to the plan, he/she must make a minimum contribution. Code such a minimum here.

See F4 for an explanation of the code categories.

F5A. If the plan does specify a maximum contribution, mark the checkbox to indicate whether each maximum is a limit on the annual contribution or on the career contribution. For example, plans often state that the annual contribution cannot exceed 10% of pay per year. However, if the employee does not contribute in a particular year, he/she can contribute 20% the next year. Code this as a career maximum of 10% since any particular year's contribution could conceivably exceed 10% of pay.

See F4 for an explanation of the code categories.

F5B. See F4A.

F5C. See F4B.

F5D. See F4C.

F5E. See F4D.

F6. See C1.

F6A. See C1A.

F6B. See C1B.

F6C. See C1C.

F6D. See C1D.

F7. See C2.

- F7A. See C2A.
- F7B. See C2B.
- F7C. See C2C.
- F8. See C3.
- F8A. See C3A.
- F8B. See C3B.
- F8C. See C3C.
- F8D. See C3D.
- F8E. See C3E.
- F9. See C4.
- F9A. See C4A.
- F9B. See C4B.
- F9C. See C4C.
- F9D. See C4D.
- F10. Deferred vested benefit formulas often include a reduction factor if payments begin before normal retirement age. In some cases, the terminated employee simply receives an early retirement benefit rather than a normal retirement benefit. If so, it is not necessary to code a new reduction factor. Simply mark the "YES, USE PRIOR DEFINITIONS" box and use the early retirement formulas in F11. In some cases, however, deferred vested benefit formulas include a special reduction based on the number of years payments begin before normal retirement age, early retirement age, or some other specified point. Code any new reductions here.

Often the employee is permitted to choose the time that deferred vested benefit payments begin (see F15) and the choice determines whether the employee receives a reduced or an unreduced benefit. For example, in many plans, if the vested terminated employee defers benefit payments until normal retirement age, he/she receives the normal retirement benefit, but if payments start at early retirement age, he/she receives the early retirement benefit. In such situations, do not code a new reduction factor. The correct coding would be to indicate in F15 that payments begin anytime the participants choose after reaching early retirement age (mark category "d" and enter the early retirement age requirement). In F11, write the vested deferred benefit formula as "ERT#1". The interpretation of this coding is that if the benefit payments start before normal retirement, the employee receives a reduced benefit. If the employee chooses to defer payments until normal retirement age, the value of the early retirement reduction will be zero (because the early retirement reduction is a penalty for receiving payment before normal retirement). Therefore, the early retirement formula is equal to the normal retirement formula.

F11. See C5 and GUIDELINES, STANDARD NOTATION--DEFINED BENEFIT PLANS.

F12. See C7.

F13. Record anything not coded elsewhere that determines whether or not an employee qualifies for a particular vested deferred retirement benefit.

Categories "c"--"f" are used in cases where people who withdraw contributions receive different benefits than people who do not withdraw contributions. Plans often have special formulas that apply only to people who were plan participants during a particular calendar time period. Use boxes "g"--"j" to code such formulas. Enter the month and year of the participation requirement. This is not to be confused with the calendar time restrictions on ASY, PSY, and SS that were discussed above.

If the ASY requirements for vested deferred retirement differ depending on whether payments begin at early or normal retirement age, the different requirements should be coded under box "z" ("OTHER").

F14. See C9.

F15. This question asks when benefit payments begin for vested terminated employees. It may be the case that payments automatically

begin at termination, (category "a"), at the time the employee would have qualified for early retirement (category "i") or for normal retirement (category "h"), when the employee reaches some other age (category "c") or when the employee attains some combination of age plus service (category "g"). Or it may be the case that the employee may choose the time for payments to begin (categories "b", and "d"- "f"). Use more than one column if different options apply to different formulas. If more than three columns are needed, see a supervisor.

F16. See C10 and GUIDELINES, STANDARD NOTATION--DEFINED BENEFIT PLANS.

SECTION G

- G1. Mark box 1 ("YES") only if there are one or more disability benefit provisions that are distinct from provisions that apply to retirees who are not disabled and which have been coded in Sections C through E above. These special provisions can take the form of special formulas, special increases in vesting percentages, or provisions that permit the continued accrual of service credit after disablement. If no such provisions are present mark box 5 ("NO").

Many plans base payments on the degree of disability suffered by the participant. Also, there are often special provisions that apply to participants who recover from disability before reaching normal retirement age, and so forth. Ignore these provisions, and answer all of the questions in this section as they apply to a participant who becomes totally and permanently disabled.

At many places of employment, disabled employees may be eligible for benefits from one or more other health and welfare plans. For example, some plans specify a formula for paying benefits to disabled employees, but state further than until early or normal retirement age these benefits will be paid from a fund other than the retirement fund. Answer all questions in this section as they apply to payments from the retirement plan only.

- G1A. One way in which a plan may provide special benefits for disabled participants is to pay benefits in accordance with normal or early retirement formulas, but to waive vesting requirements that apply to other employees who retire or terminate employment. If disability is itself sufficient to qualify for full vesting, check box "a". If in addition to disability, there are requirements stated in terms of AGE and ASY, check the appropriate box from among "b" through "f", each of which should be self-explanatory. (Of course, if none of these categories applies, check box "z" ("OTHER (SPECIFY)")) and write in the correct answer).

Alternatively, benefits might be paid in accordance with special formulas for disability retirement. If such formulas apply to all participants who become disabled, regardless of age or service credit accrued, check box "a". If disabled participants become eligible for full benefits only after meeting certain age and service requirements, check the appropriate box from among "b" through "f". (Again, if none of the categories applies, check box "z" and write in the correct answer.)

If the special vesting rule depends on the participant's accrued service at the time of disablement (i.e., box "c", "d", "e", or "f" is marked), the box at the top labeled "ASY=___" must be marked,

and a number indicating the definition of ASY must be written into the blank. If any other box is marked, the box at the top labeled "NOT USED" should be marked.

- G1B. Many plans permit disabled participants to continue to accrue service credit after disablement, often with a view to paying them a benefit at normal retirement age that is equal to the benefit for which they would have qualified had they continued to work until normal retirement age. If the SPD states that this is permitted, and if there are no limits to the service credit that can be accrued in this fashion (apart from the limits defined in question C2C above), check box "a". If service credit can be accrued only until the disability retiree has reached a certain level of ASY, or only until he/she has attained a certain age, or some combination of AGE and ASY, check the appropriate box from among boxes "b" through "h"; the individual categories should be self-explanatory. (If none of these categories is applicable, check box "z" and write in the correct answer.) If no such provision is present, check box "i".

Be sure to specify which ASY (ASY, ASY2, etc.) is being referred to by writing the number in the appropriate space.

- G2. If the disability retirement formula(s) and eligibility requirement(s) use the same definition(s) of ASY as are used for normal, early, and/or vested deferred retirement, and no new definitions are used in any disability retirement formula, check box "2".

G2B. See C1B.

G2C. See C1C.

G2D. See C1D.

G2E. See C1E.

- G3. If the disability retirement formula(s) use the same definition(s) of PSY as are used for normal, early, and/or vested deferred retirement, and no new definitions are used in any disability retirement formula, check box "2".

G3A. See C2A.

- G3B. See C2B.
- G3C. See C2C.
- G4. If the disability retirement formula(s) use the same definition(s) of FAP as are used for normal, early, and/or vested deferred retirement; and no new definitions are used in any disability retirement formula, check box "2".
- G4A. See C3A.
- G4B. See C3B.
- G4C. See C3C.
- G4D. See C3D.
- G4E. See C3E.
- G5. If the disability retirement formula(s) use the same definition(s) of SS as are used for normal, early, and/or vested deferred retirement, and no new definitions are used in any deferred retirement formula, check box "2".
- G5A. See C4A.
- G5B. See C4B.
- G5C. See C4C.
- G5D. See C4D.
- G5E. See C4E.
- G6. If the disability retirement formula(s) use the same reduction factor(s) as are used for early and/or vested deferred retirement, and no new definitions are used in any deferred retirement formula, check box "2".

- G6A. Some plans reduce benefits paid to disability retirees by the amount of benefits paid under a state workers' compensation program or similar programs. In such cases box "b" should be checked. For explanations of the other categories, see E6A.
- G7. See F11 and GUIDELINES, STANDARD NOTATION--DEFINED BENEFIT PLANS.
- G8. See C6.
- G9. See C7.
- G10. Some plans require that a participant make successful application for Social Security disability benefits, in which case box "f" should be checked. (However, do not record a "requirement" that a participant apply for, as opposed to qualify for Social Security disability benefits, as it does not exclude any class of applicants.) On the other hand, it may be the case that a plan pays disability benefits only to persons who do not qualify for Social Security disability benefits, in which case box "g" should be checked.
- If the plan pays benefits only to employees who became disabled in connection with the performance of their duties, box "d" should be checked. If the plan pays benefits only in cases in which the disability is not of this nature, box "e" should be checked. Ignore "requirements" that describe procedures involved in determining eligibility, such as a physical examination.
- For an explanation of the other categories, see C8.
- G11. See C9. Note that categories "j" and "k" refer to Social Security disability benefits.
- G12. See F15.
- G13. See C10 and GUIDELINES, STANDARD NOTATION--DEFINED BENEFIT PLANS.

SECTION H

H1. If box 1 ("YES") is checked, all questions in this section should be answered as they apply to a participant who dies leaving a surviving spouse of the same age to whom he/she has been married at least one year. Further assume that the couple has elected a 50% joint and survivor option, if such an option is available. Do not code special additional benefits for dependent children.

If the plan offers more than one survivor option, code the 50% joint and survivor option. If a 50% joint and survivor option is not offered, see a supervisor.

H1A. See G1A. Here, of course, the question refers to the event of the participant's death, rather than his/her disablement. If survivor provisions are restricted to fully vested employees, use category "g".

H1B. See G1B. Again, the question refers to the event of the participant's death, rather than his/her disablement.

H1C. State whether this is a 50% joint and survivor option, or some other option (e.g., 100% joint and survivor) is assumed for the purpose of this section.

H2. If the pre-retirement survivor benefit formula(s) and eligibility requirement(s) use the same definition(s) of ASY as are used for normal, early, vested deferred, and/or disability retirement, and no new definitions are used in any pre-retirement survivor benefit formula, check box "2".

H2A. See C1A.

H2B. See C1B.

H2C. See C1C.

H2D. See C1D.

H3. If the pre-retirement survivor benefit formula(s) and eligibility requirement(s) use the same definition(s) of PSY as are used for

normal, early, vested, deferred, and/or disability retirement, and no new definitions are used in any pre-retirement survivor benefit formula, check box "2".

H3A. See C2A.

H3B. See C2B.

H3C. See C2C.

H4. If the pre-retirement survivor benefit formula(s) use the same definition(s) of FAP as are used for normal, early, vested deferred, and/or disability retirement, and no new definitions are used in any pre-retirement survivor benefit formula, check box "2".

H4A. See C3A.

H4B. See C3B.

H4C. See C3C.

H4D. See C3D.

H4E. See C3E.

H5. If the pre-retirement survivor benefit formula(s) use the same definition(s) of SS as are used for normal, early, vested deferred, and/or disability retirement, and no new definitions are used in any pre-retirement survivor benefit formula, check box "2".

H5A. See C4A.

H5B. See C4B.

H5C. See C4C.

H5D. See C4D.

- H6A. Many plans feature a reduction factor (i.e., a reduction with respect to a single life annuity benefit) that compensates for the fact that in joint and survivor plans, benefits are being paid over two lifetimes rather than one. This reduction may be in addition to reduction factors based on the participant's age at death. In such cases check box "a". For an explanation of the other categories, see E6A. (Here, the question refers to the event of the participant's death, rather than his/her (early) retirement.) If there is a reduction in the participant's benefit based on the number of years the joint and survivor option was in effect, even if the option is not exercised, box "z" should be marked, and the nature of the reduction explained.
- H7. See C5 and GUIDELINES, STANDARD NOTATION--DEFINED BENEFIT PLANS.
- H8. See C6.
- H9. See C7.
- H10. Some plans may restrict the payment of pre-retirement survivor benefits to the survivors of participants whose death was related to the performance of their duties. In such cases, check box "i". On the other hand, some plans may pay benefits only in case in which the participant's death was not of this nature. In such cases, check box "j". For an explanation of the other categories see C8.
- H11. See C9. Note an additional category labeled "1" ("FOR LIFE, UNLESS SPOUSE REMARRIES"), which should be self-explanatory.
- H12. See F15. Here the question refers to the beneficiary (i.e., survivor), and not the participant.
- H13. See C10 and GUIDELINES, STANDARD NOTATION--DEFINED BENEFIT PLANS.

SECTION J

- J1. Check box 1 ("YES") only if, as a matter of standard policy, the plan automatically grants periodic cost of living adjustments to the benefits of persons who are already retired. Some SPDs may indicate that an increase in benefits has been implemented in the recent past on a one-time-only, ad hoc basis, or that a similar increase is planned for the near future. Ignore such provisions if they are not part of a policy of systematic, automatic adjustments to benefit levels.
- J5. Many plans have provisions known as joint and survivor options under which benefits can be paid to a beneficiary after the retiree's death. Mark box 1 ("YES") if such an option is available, under any circumstances, regardless of whether it is mandatory or optional.

SECTION L

- L1. The SEQ#, PP ID, and PLAN# are to be transcribed from the cover sheet.
- L2. Many plans base contribution formulas or eligibility requirements on the employee's actual service years (ASY)--a measure of the employee's tenure with that employer. The definitions of ASY are coded in L2A-L2D. For a further explanation of how ASY is defined, see the instructions for question C1 above.
- L2A. See the instructions for question C1A above.
- L2B. See the instructions for question C1B above.
- L2C. See the instructions for question C1C above.
- L2D. See the instructions for question C1D above.

SECTION M

DEFINED CONTRIBUTION PLANS: PARTICIPANT CONTRIBUTIONS

- M1. Some defined contribution plans require that employees make contributions as a condition of participation in the plan. If this is the case, mark box 1 ("YES"). Otherwise, mark box 5 ("NO"). Note that this question does not ask whether participation in the plan is itself mandatory; this question should not be confused with question A4 above. Some plans specify that contributions may vary within a certain range (e.g., 3 to 8 percent). We treat this as a case in which there are two contributions: a mandatory contribution of 3 percent, and a voluntary contribution of up to 5 percent. Accordingly, both questions M2 through M2J and questions M3 through M3K should be answered.
- M1A. Some defined contribution plans permit employees to make contributions to the plan; such contributions may or may not be in addition to mandatory contributions. If this is the case, mark box 1 ("YES"). Otherwise, mark box 5 ("NO").
- M2. See the instructions for question F4 above.
- M2A. See the instructions for question F4A above.
- M2B. There may be cases in which the contribution formulas have been changed at a certain point in time, so that the rate at which employees are credited with contributions to their account depends on the calendar time period(s) in which service was credited. Such cases, separate formulas should be indicated in separate columns, and the calendar time period to which each applies should be indicated accordingly.
- M2C. Some plans require that employees begin to make contributions as soon as they begin to work for the firm. In such cases mark box "a". In other plans contributions are required only of employees who have worked for the firm for a certain length of time, or who have attained a certain age. In such cases mark the correct box from among "b" through "e", and fill in the blanks with the appropriate information concerning age and/or years of service. See the instructions for question C1A above for a further explanation of these combinations of age and service requirements.

M2D. Some plans do not require that employees make contributions after they have attained a certain age or a certain number of years of service. In such cases mark the appropriate box from among "a" through "e", and fill in the corresponding blank with the appropriate information concerning age and/or years of service. See the instructions for question C1C above for a further explanation of these combinations of age and service requirements. If a box from among "b" through "e" is marked, then the applicable ASY number should be noted in the box at the top; otherwise, the box labeled "NOT USED" should be marked.

M2E. Some plans automatically match mandatory employee contributions with employer contributions, in full or in part. In such cases mark box 1 ("YES"); otherwise, mark box 2 ("NO").

M2F. An employer can match an employee's mandatory contribution in a number of ways. One way is to contribute a specified proportion (such as 50 percent or 100 percent) of the employee's contribution; in such cases box "a" should be marked, and the correct percentage written into the corresponding blank. In other cases the fraction of the employee contribution that is matched by the employer may vary depending on the employee's age, years of service, salary level, or other circumstances. For an explanation of the various categories under box "b", see the instructions for question F5 above.

M2G. In some plans there is a maximum amount that the employer will contribute in the way of a matching contribution, the formula coded in question M2F notwithstanding. In some cases this maximum may be expressed as a dollar amount, in which cases box "a" should be checked, and the dollar amount written into the corresponding blank; this dollar amount should be annualized. If the maximum is expressed as a percentage of the employee's wages or salaries, then box "b" should be marked and the percentage written into the corresponding blank. If the maximum is expressed in some other way, mark box "z" and write in an explanation. If there is no maximum, mark box "c".

Remember that the maximum coded here applies only to the employer contribution that matches the mandatory employee contribution, and not any other employer or employee contribution or combination of contributions.

M2H. There may be cases in which the contribution formula that applies to a participant depends on when he/she became a plan participant. In such cases separate formulas should be indicated in separate columns, and the corresponding calendar time period for each formula should be indicated accordingly. In box "g", "IF PLAN

PARTICIPANT FROM...TO..." is used in those cases in which a formula applies to employees who participated in the plan at any point between the two dates indicated; this category does not imply that an employee must have participated over the entire time period in order for the formula to apply.

This question should not be confused with question M2B. This question is used to indicate these cases in which distinctive contribution formulas apply to participants permanently, based on the date of initial plan participation.

- M2J. For an explanation of the several types of vesting schedules, including immediate 100% vesting, cliff vesting, and step vesting, see the instructions for question F2 above. If the answer to this question depends on the employee's length of service, then the appropriate ASY number must be indicated in the box at the top; otherwise, the box labeled "NOT USED" must be marked.
- M3. See the instructions for question F5 above.
- M3A. See the instructions for question F5A above.
- M3B. See the instructions for question F4A above.
- M3C. See the instructions for question M2B above.
- M3D. See the instructions for question M2C above for an explanation of the several categories.
- M3E. See the instructions for question M2D above for an explanation of the several categories.
- M3F. See the instructions for question F4B above. If a box from among "c" through "f" is marked, the appropriate ASY number must be indicated in the box at the top; otherwise, the box labeled "NOT USED" must be marked.
- M3G. For an explanation of the various categories, see the instructions for question M2F above.

In many plans the level of employer contributions to an employee's account is tied to the employee's own contributions in some manner. These plans can further be divided into two categories. The first category consists of plans in which the employer is committed to matching the employee's contribution according to a predetermined schedule (e.g., 50% of the employee's first \$2,000 is matched, and 25% of contributions over \$2,000 in a year are matched). Matching contributions of this type should be coded here.

The second category consists of plans in which the level of matching contributions is not fixed in advance, but varies from year to year in response to corporate performance (profitability, revenue growth, etc.) or employer discretion. These provisions are coded in Section R below, and should not be coded here. Of course, a plan may feature matching contributions of both types, in which type the respective provisions should be coded both here and in Section R.

M3H. See the instructions for question M2G above.

M3J. See the instruction for question M2H above.

M3K. See the instruction for question M2J above. If the vesting schedule is the same as the one that applies to employer contributions that match mandatory employee contributions, as coded in question M2J above, mark box "a" and indicate the vesting schedule (MMAN1, MMAN2, or MMAN3) in the corresponding blank.

SECTION R

DEFINED CONTRIBUTION PLANS: EMPLOYER CONTRIBUTIONS

- R2. Use more than one column if there are two or more distinct types of employer contributions that depend on company performance, but differ in any of the following respects: different measures of corporate performance (e.g., profitability, revenue growth) used as criteria; different minimum or maximum (aggregate) contributions; different formulas for allocating contributions to participants; or different eligibility and/or vesting requirements. If there are more than three types of contributions, see a supervisor for instructions.

In plans that do not feature immediate full vesting of all contributions, there will be some funds that revert to the plan each year because employees terminate before becoming fully vested. If these forfeitures are distributed in addition to contributions defined by "regular" contribution formulas and eventually allocated to the accounts of other participants, then this should be treated as a separate contribution in a separate column; box "k" should be marked. On the other hand, if employer contributions are reduced by the amount of the forfeitures, so that the total addition to the pension fund is given by the contribution formula(s), no additional contribution should be indicated.

- R2A. If a percentage rate is indicated, be sure that it refers to the criterion checked in the column directly above in question R2.
- R2B. See the instruction for question R2A above.
- R2C. See the instruction for question R2A above.
- R2D. If one of boxes "m," "n," "o," or "p" is checked, the number of the corresponding MAN or VOL variable (e.g., MAN2, VOL3) should be entered in the blank. Be sure that the corresponding variable has been defined above (in question M2 for MAN1-MAN3; in question M3 for VOL1-VOL3).
- R2E. If box "h," "i," or "j" in question R2D was checked, then the allocation of employer contributions to a participant depends on whether his/her salary is above the Social Security taxable wage base, or a variant thereof. See the instructions for question C4 above for an explanation of the several ways in which the Social Security taxable wage base can be defined.

- R2F. See the instructions for question M2B above.
- R2G. See the instructions for question C2D above. In addition, it should be noted that this question applies only to minimum requirements in terms of hours, weeks, or months of work in a year per se. For example, in plans in which the employer's contribution is proportional to the employee's salary, an employee who is employed on a part-time basis would be credited with a smaller contribution than if he/she had worked full-time, all other things being equal, simply by virtue of his/her smaller annual earnings. In such cases mark box "a", "FULL CONTRIBUTION FOR EACH YEAR EMPLOYED; NO MINIMUM WORK REQUIREMENT," unless there is yet a further reduction (or elimination) in the employer's contribution based on the employee's failure to meet an employment requirement stated in terms of hours, weeks, or months of work.
- R2H. See the instructions for question M2H above.
- R2J. See the instructions for question M2C above.
- R2K. See the instructions for question M2D above.
- R2L. See the instructions for question M2J above.
- R2M. Some plans permit vested participants to withdraw employer contributions before they retire or terminate employment. If this privilege is accorded to all vested employees, mark box "a" ("YES"). If such withdrawals are permitted only in the case of employees who have fulfilled some combination of age and service requirements, mark the appropriate box from among "b" through "f", and fill in the corresponding blanks with the minimum age and/or ASY. If a box from among "e" through "f" is marked, the ASY number must be written into the box at the top; otherwise, the box labeled "NOT USED" must be marked. If such withdrawals are not permitted, mark box "g". Note that withdrawal privileges should be coded here only if the participant can exercise them at his/her discretion (i.e., there are no special requirements such as employer approval). Also, this question refers only to withdrawing employer contributions made according to the formula described in questions R2 through R2K above, and not any other employer or employee contributions.

R3. Code one formula in each column for every unique combination of:

(R3A) Dependence on the Social Security taxable wage base (SWB)

(R3B) Calendar dates that are relevant in determining contribution levels

(R3C) The number of hours an employee must work in order to be given credit for a year of service

(R3D) Other requirements that an employee must satisfy in order to be credited with employer contributions.

(R3E) Requirements for initial participation (in the sense of receiving that particular employer contribution).

See the instructions for question F4 above for an explanation of the various categories.

R3A. See the instructions for questions M2A above.

R3B. See the instructions for question M2B above.

R3C. See the instructions for question C1D above.

R3D. See the instructions for question M2H above.

R3E. See the instructions for question M2C above.

R3F. See the instructions for question M2D above.

R3G. See the instructions for question M2J above.

R3H. See the instructions for question M3F above.

SECTION S

DEFINED CONTRIBUTION PLANS: RETIREMENT BENEFITS

- S1A. In some cases employers make lump-sum contributions in addition to regular contributions in order to achieve specified goals, such as enabling participants to achieve a certain benefit level. See the instructions for question F4 above for an explanation of categories "a" through "g". If employers make a lump-sum contribution in order to achieve a certain minimum account balance, mark box "h" and write the target account balance in the corresponding blank. If employers make a lump-sum contribution in order to increase the account balance to an amount that permits the payment of a specified retirement benefit, mark box "c" and write the target retirement benefit in the corresponding blank. (Make sure this benefit is expressed as a annual amount.) If the employers make a lump-sum contribution in order to increase the account balance to an amount that permits the payment of a retirement benefit that is a specified percentage of the employee's wages or salary before retirement, mark box "j" and write the target percentage in the corresponding blank.

The employer may make a lump-sum contribution in order to permit the payment of additional benefits to replace Social Security benefits in the case of employees who retire before they are eligible for such benefits. In such cases, mark box "k" if the payments are made until the employee is eligible for full Social Security benefits, box "l" if the payments are made until the employee is eligible for reduced Social Security benefits, and box "m" if it is not stated whether full or reduced Social Security benefits are being replaced.

If lump-sum contributions are made according to a rule other than those described above, mark box "z" and write in the rule used to determine the amount of the lump-sum contribution.

- S1B. See the instructions for question M2H above.

- S1C. See the instructions for question M2H above.

- S2. Use the formula numbers coded in Sections M through S only and standard notation (see GUIDELINES, STANDARD NOTATION--DEFINED CONTRIBUTION PLANS) to express how the contribution formulas in these sections are related to one another, do not include formulas defined in Sections T and W. For example, an employee might be credited with a contribution equal to the sum of three formulas, the largest of three, or some amount determined by a more

complicated relationship among various formulas. If there is only one benefit formula, repeat its number here (e.g., COE#1).

Use only formula numbers and standard notation.

- S3. Code the age and service requirements, if any, that must be met in order for a participant to begin receiving a lifetime annuity (as opposed to a lump sum distribution) on the basis of accumulated contributions and interest. These requirements pertain to the immediate receipt of annuity payments, as opposed to being entitled to eventual payments (i.e., vesting). If there are no age or service requirements, mark box "g". Otherwise, mark the appropriate box from among boxes "b" through "j", and fill in the corresponding blanks with the minimum age and/or ASY requirements. If a box from among "c" through "j" is marked, the appropriate ASY number must be indicated at the top; otherwise, the box labeled "NOT USED" must be checked.

If the plan offers the option of receiving an annuity or a lump sum distribution, answer this question as it relates to the annuity option. If not annuity option is offered, mark box "z" and write in "NO ANNUITY; LUMP SUM PAYMENTS ONLY."

- S4. See the instructions for question R2M above.

SECTION T

DEFINED CONTRIBUTION PLANS: EARLY AND LATE RETIREMENT

- T1. See the instructions for question D1 above.
- T3. See the instructions for question S1A above.
- T3A. See the instructions for question F4A above.
- T3B. See the instructions for question M2H above.

SECTION W

DEFINED CONTRIBUTION PLANS: DISABILITY,
DEATH AND SURVIVOR BENEFITS

- W1. Mark box 1 ("YES") only if there are one or more disability benefit provisions that are distinct from provisions that apply to retirees who are not disabled, and which have been coded in Sections M through S above. These special provisions can take the form of special formulas, special increases in vesting percentages, or provisions that permit the continued accrual of service credit after disablement. If no such provisions are present mark box 5 ("NO").
- W1A. See the instructions for question G1A above.
- W1B. See the instructions for question G1B above.
- W2A. See the instructions for question F4 above.
- W2B. See the instructions for question F4A above.
- W2C. See the instructions for question M2B above.
- W2D. See the instructions for question M2H above.
- W3A. See the instructions for question H1A above.
- W3B. See the instructions for question H1B above.
- W4A. See the instructions for question S1A above.
- W4B. See the instructions for question F4A above.
- W4C. See the instructions for question M2H above.

SECTION X

DEFINED CONTRIBUTION PLANS: PAYMENT OPTIONS

- X1. See the instructions for question J5 above. Survivor benefits, as the term is used here, are lifetime annuities for surviving spouses or other qualified beneficiaries. Hence, if only lump sum distributions are made by this plan (see question S3 above), mark box 2 ("NO").
- X1A. See the instructions for question J5A above.
- X2. See the instructions for question J4 above.
- X2A. See the instructions for question J4A above.
- X2B. See the instructions for question J4B above.

SECTION 2

Z.1 With regard to the effective date of the latest amendment, ignore amendments that do not affect the answers to any of the questions in this instrument (e.g., a change in the plan fiscal year so that it ends in December rather than February).

Write in the month and year only.