

UPDATE

Employee Benefit News for
The Cooperative Industry



NOVEMBER 2019

Payroll Data Validation

One of the key components to ensure accurate administration of your plan is to provide correct data. Milliman has a validation process that will review and analyze the Plan Sponsor's payroll files upon submission.

Payroll Data Analysis

Once the payroll file is submitted through **MillimanBenefits.com**, the file is analyzed to ensure the data is correct. Milliman's system is setup to look for over 80 different validation queries including:

- **Census Data** - Compares census data to Milliman to be certain they are in sync. Examples would include invalid or missing Social Security numbers, missing first or last name and date of birth with someone age less than 14 or greater than 89.
- **Employee Compensation, Contributions, and Employer Contributions** - Records that have compensation that exceeds the YTD fields and/or contributions that exceed the period's compensation will be flagged. The validation will also look at employer's contributions to ensure they are calculated and applied correctly.
- **Loans** - Identifies employees with missed loan payments or overpayments.

After the payroll file has been analyzed, an automated email report with any error messages will be sent to the Plan Sponsor and Milliman for review. The report will include any validation rules that were flagged, the employee(s) that were affected by the flagged validation rule and a brief description of the validation rule to help Sponsors review the data.

Data Validation Message

We have detected some problems with the data in your file. Please review the attached file and correct these problems in your next file.

File Information

Plan Code:	513XXX
Plan Name:	Co-op 401(k) Plan
File Type:	Payroll File
File Date:	11/08/2019
Frequency:	Biweekly
Funding Method:	ACH Pull

Milliman Contact Information

Please do not reply to this e-mail. If you have any questions please contact Client Services. Thank you.
Coop Client Services
E-mail: coopclientservices@milliman.com
Phone: 800-652-6675, option 2

Rule	Message
ER Basic Amount	Employer Basic was not reported; please review eligibility and confirm this person should not get an Employer Basic amount.
ER Basic Amount	Employer Basic was not reported; please review eligibility and confirm this person should not get an Employer Basic amount.
ER Basic Amount	Employer Basic was not reported; please review eligibility and confirm this person should not get an Employer Basic amount.

If questions arise, Milliman will work with the Sponsor to rectify any issues that caused the error message.

coop401kplan.com
800.652.6675

Co-op 401k Plan
AMERICA'S LEADING 401(k) PROGRAM FOR COOPERATIVES

Annual Census Data Analysis

In addition to the payroll analysis, Milliman also performs an annual review of Plan Sponsor census data. This review is done at the Sponsor's Plan Year End. Milliman creates a financial and demographic summary report of the plan.

Once completed, this summary report is sent to the Plan Sponsor for their review. It is important for each Plan Sponsor to review their summary report to ensure the data is correct. Milliman uses this report to help calculate year-end contributions and perform required annual testing.

Benefits of Validation Process

Through the data validation process, Milliman and the Plan Sponsor can eliminate potential errors as they occur, opposed to later in the year which may cause bigger data issues.

There are several major benefits to Milliman's data validation process. These benefits include:

- Maintains compliance with IRS/DOL Regulations. The validation process can help detect if a plan is operating incorrectly and the potential fix.
- Ensures clean data for non-discrimination testing and audit reports.
- Reduces risk and financial liability for missed contributions or loan payments. Plan sponsors are alerted if a participant fails to make a loan payment.

Questions

If you have any questions regarding your Milliman's data validation process, please call your Relationship Manager or call 800.652.6675 option 2.

2020 IRS Limits

The IRS recently released the qualified plan dollar limitations for 2020.

In 2020, participants in 401(k) Plans, like the Co-op 401(k) Plan, will be able to contribute up to \$19,500 to their retirement. This represents an increase of \$500 over 2019's limit.

Catch up contributions - for those participants turning age 50 or older in 2020 - can save an additional \$6,500 per year.

	2019	2020
Calendar year limit for elective (pre-tax or Roth) contributions to 401(k) or 403(b) plans	\$19,000	\$19,500
Catch-up contribution dollar limit (for individuals age 50 or older)	\$6,000	\$6,500
Annual limit on compensation	\$280,000	\$285,000
Taxable Wage Base for FICA taxes: • Social Security • Medicare	\$132,900 Unlimited	\$137,700 Unlimited
Section 415 limits: • defined benefit plans • defined contribution plans	\$225,000 \$56,000	\$230,000 \$57,000
Threshold for identifying highly compensated employees	\$125,000*	\$130,000*
Compensation for Key Employee (Officer)	\$180,000	\$185,000

* Based on compensation paid in the prior year.

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