

## INSTRUCTIONS FOR COMPLETING CENSUS LISTING

### **PLEASE READ INSTRUCTIONS CAREFULLY, ESPECIALLY DEFINITIONS OF COMPENSATION**

On the attached Census Listing, please verify the printed data and complete the following items. Include **all** employees who received compensation during the plan year.

- Any missing data for employees listed.
- List any additional employees (including those hired and terminated during the year) and show all data items including compensation for the plan year. Make an indication in the "Remarks" column if the person is a rehire. Since rehires may be eligible to enter the Plan on their date of rehire, we need all previous hire dates and termination dates. Show this information in the "Remarks" column.
- In the "Remarks" column, indicate anyone who has changed his name or social security number. Be sure to mark changes on the old record. Do not mark the old record "terminated" and add the individual as a new employee.
- Amount of "Total Compensation" paid for the **plan year** for all owners and employees. **Please provide a total for this column.**

Total compensation includes **all** W-2 compensation paid to the employee including compensation earned under all social security numbers, plus compensation deferred under a 125 cafeteria plan, and compensation deferred under a 401(k) plan (both pre-tax or Roth).

If you are a sole proprietor, provide your Schedule C income. Indicate whether it is estimated or final.

If your organization is a partnership, provide K-1 earned income. Indicate whether it is estimated or final.

### **Important Change regarding Post-Severance Compensation**

New IRS regulations require that plan compensation include post severance compensation paid to a terminated employee. Compensation earned while employed, but paid after the date of termination must be counted for plan purposes including: regular pay, overtime, shift differentials, commissions, bonuses, and if elected, paid time off cashouts for unused sick, vacation or other paid leave. Compensation subject to this requirement would be paid during the "post-severance payment period" which is the later of 2½ months after termination of employment or by the end of the plan year that includes the date of termination. For example, if an employee terminates employment on the last day of the plan year, but receives post severance

compensation during the 2-1/2 months of the following plan year, this compensation must be counted for plan purposes even though it was paid in the following year.

Because compensation paid during a "post-severance payment period" is considered eligible compensation, you must report any 401 (k) contributions, matching contributions or other employer contributions allocated to an employee on this compensation.

**Note:** True "Severance Pay" is not counted for plan purposes. True severance pay, paid only because of an employee's termination of employment (i.e. not earned during employment) cannot be counted for plan purposes. This includes severance pay, parachute payments and payments from an unfunded deferred compensation plan that are payable only after severance.

- In the "Owner" column, indicate whether an employee is an "Owner" anytime during the Plan Year. If an "Owner", also show percentage of ownership.
- In the "Hours Code" column, indicate hours worked or paid for in the plan year by using the codes below:
  - "0" if 500 or less hours
  - "1" if greater than 500 hours and less than 1,000 hours
  - "2" if 1,000 or more hours.

**We need to know about hours worked for everyone, whether or not still employed on the last day of the plan year.**

- For terminated employees, indicate last day worked under "Termination Date" column.
- For any employee who is related to an owner, please indicate name(s) and relationship in the "Remarks" column.
- Ignore the column labeled "Entry Date". This column is for our use.

**To: Clients and Advisors**

**Re: Trust Accounting for Plan Year**

To complete your plan administration work, it is necessary that plan assets be accurately reported. The attached Schedules should be completed as described below.

**Schedule A:** List all assets (including the Cash Surrender Value of any non-term life insurance policies) held at the end of the year at both "book" and "market" value. To determine "book" value, use the actual market value of the asset at the end of the prior year, add to this the purchase price of any additions to the asset such as the purchase of additional shares, units or reinvested dividends during the year, and then subtract the proceeds from partial sales or amortization payments which occurred during the year. The unrealized gain or loss on the investments is determined by subtracting the end of year "book" value from the end of year market value.

**Schedule B:** List income actually received during the year. A worksheet is provided to assist you in determining total interest and dividends received.

**Schedule C:** List all trust expenses. Administration fees include payments made by the trust to any service provider as well as bank and brokerage fees.

**Schedule D:** List all investment purchases made during the year. Dividend reinvestments for each investment may be lumped as a single purchase.

**Schedule E:** List the proceeds received from all sales including partial sales during the year. The proceeds from sales less the amounts shown in column (a) are the realized gain or loss from sales.

**Schedule F:** List all interest and principal payments for each loan and mortgage including government-backed mortgages such as GNMA's.

**Schedule G:** This provides a reconciliation from the prior year's asset value to this year's asset value using the completed schedules. If this schedule does not reconcile, please review the other schedules.

**Schedules H & I:** List insurance policies purchased or cancelled during the year.

**Other Qualified Retirement Plan:** Do you have any other qualified retirement plans? If yes, please provide us with the asset value of the plan year end date.

When the schedules are completed, please return them to us. If you have any questions, please call us.

## SCHEDULE A

**LIST OF ASSETS HELD AS OF: \_\_\_\_ / \_\_\_\_ / \_\_\_\_ (Plan Year End)**

	(a) End of Year Adjusted Book Value*	(b) End of Year Market Value
<b>1. Cash</b>		
a. non-interest bearing checking accounts	_____	_____
b. interest bearing checking and savings accounts	_____	_____
c. certificates of deposit	_____	_____
d. money market funds and accounts	_____	_____
e. brokerage cash	_____	_____
f. other (specify)	_____	_____
<b>2. Government securities (list each)</b>		
_____	_____	_____
_____	_____	_____
_____	_____	_____
<b>3. Mutual funds (list each)</b>		
_____	_____	_____
_____	_____	_____
_____	_____	_____
<b>4. Corporate stocks and bonds (list each)</b>		
_____	_____	_____
_____	_____	_____
_____	_____	_____
<b>5. Limited Partnerships** (list each)</b>		
_____	_____	_____
_____	_____	_____
_____	_____	_____
<b>6. Collectibles (Coins, Art, etc.)** (list each)</b>		
_____	_____	_____
_____	_____	_____
_____	_____	_____

\* For Cash accounts, columns (a) and (b) are identical. For other assets, adjusted book value is the market value at the end of the prior year plus any purchases and less any sales during this plan year.

(Schedule A continues on next page)

**SCHEDULE A (continued)**

	(a) End of Year Adjusted Book Value*	(b) End of Year Market Value
<b>7. Real estate (list each)</b>		
_____	_____	_____
_____	_____	_____
_____	_____	_____
<b>8. Loans and mortgages (list on Schedule F)</b>		
_____	_____	_____
_____	_____	_____
_____	_____	_____
<b>9. Accrued Income (list each)</b>		
_____	_____	_____
_____	_____	_____
_____	_____	_____
<b>10. Other (list each – include annuity contracts but do not include life insurance policies)</b>		
_____	_____	_____
_____	_____	_____
_____	_____	_____
<b>TOTAL</b>	\$ _____	\$ _____
<b>Unrealized gain (loss) for Schedule B:</b>		
<b>Column (b) – Column (a) =</b>	\$ _____	\$ _____

\* For Cash accounts, columns (a) and (b) are identical. For other assets, adjusted book value is the market value at the end of the prior year plus any purchases and less any sales during this plan year.

\*\* These items require an annual appraisal; provide most recent appraisal date next to item. The IRS has declared K-1 values unacceptable.



**WORKSHEET FOR COMPUTING  
INTEREST & DIVIDEND INCOME FOR SCHEDULE B**

List Interest From:

- |  |          |
|--|----------|
| a.) checking accounts                                | \$ _____ |
| b.) savings passbooks                                | \$ _____ |
| c.) certificates of deposit                          | \$ _____ |
| d.) money market funds and accounts                  | \$ _____ |
| e.) bonds  | \$ _____ |
| f.) government issued (treasury notes & bills, etc.) | \$ _____ |
| g.) mortgages and loans from Schedule G, Column C    | \$ _____ |
| h.) annuity contract                                 | \$ _____ |
| i.) other (specify)                                  | \$ _____ |

**TOTAL INTEREST: \$ \_\_\_\_\_**

List Dividends From:

- |  |          |
|--|----------|
| j.) corporate stocks                                   | \$ _____ |
| k.) mutual funds (include capital gains distributions) | \$ _____ |
| l.) other (specify)                                    | \$ _____ |

**TOTAL DIVIDENDS: \$ \_\_\_\_\_**

# SCHEDULE C

## SUMMARY OF TRUST EXPENSES

\_\_\_\_ / \_\_\_\_ / \_\_\_\_ TO \_\_\_\_ / \_\_\_\_ / \_\_\_\_  
(Beg. of Plan Year) (End of Plan Year)

I. Administration Fees (specify below) \$ \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

II. Distribution to Participants (list below) \$ \_\_\_\_\_

<u>Participant</u>	<u>Amount</u>
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

III. Life Insurance Premiums (list below) \$ \_\_\_\_\_

<u>Carrier</u>	<u>Amount</u>
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

IV. Other Expenses \$ \_\_\_\_\_  
Specify other expenses: \$ \_\_\_\_\_  
\$ \_\_\_\_\_  
\$ \_\_\_\_\_  
\$ \_\_\_\_\_

**TOTAL EXPENSES** \$ \_\_\_\_\_







## SCHEDULE G

### ACCOUNT RECONCILIATION

<b>I.</b>	Market Value of Assets Held at End of Prior Year	\$ _____
	A. Subtract Accrued Contribution which was included in Market Value of Assets Held at End of Prior Yea	\$( _____ )
	B. Subtract Accrued Income which was included in Market Value of Assets Held at End of Prior Year	\$( _____ )
	C. Contributions (Plan Contribution Form)	\$ _____
	D. Income (Schedule B)	\$ _____
	E. Expenses (Schedule C)	\$( _____ )
	F. Accrued income receivable from Item 9(b) of Schedule A	\$ _____
<b>II.</b>	Market Value of Assets Held at End of Current Year (item I plus Columns A through E; must match total of Schedule A Column (b))	\$ _____



## Other Qualified Retirement Plan

Do you have any other qualified retirement plans? If yes, please provide us with the asset value of the plan year end date.

<b>Plan Name</b>	<b>Asset value of the plan year end date</b>
<hr/>	<hr/> \$
<hr/>	<hr/> \$
<hr/>	<hr/> \$
<hr/>	<hr/> \$

## ADDITIONAL REQUIRED TRUST INFORMATION

1. For any non-publicly traded assets such as limited partnerships, real estate, collectibles, etc., please provide market value as determined by an independent third party. Be sure to keep written documentation to support each year's appraisal. (If you have any questions, please call for a copy of our Information Release regarding valuation of plan assets, or a copy can be found on our website - [www.kravitzinc.com](http://www.kravitzinc.com))
2. In preparing your trust statement, you should investigate whether either of the following situations is applicable:
  - A. Have there been any prohibited transactions (direct or indirect) between the plan and a party-in-interest? For example, has the plan lent monies to the employer?
  - B. Does any plan investment generate taxable income (from an unrelated trade/business or from debt-financed investments)? This may occur, for example, if a plan has investments in certain limited partnerships. If taxable income is involved, the plan may be subject to various requirements, among which is the filing of IRS Form 990-T. You should contact your investment advisor for detailed information.

If either of the above situations is applicable or if you are uncertain, please inform us.

3. If your plan has a portion of its trust assets invested in a product sold by an insurance company (e.g. life insurance policies, annuity contracts, etc.), please ask the insurance company to provide the information necessary to complete the Schedule A of Form 5500.

Also, If the plan owns any insurance policies, provide the face amount, premiums paid and cash surrender value as of the end of the plan year. As a reminder, all employees who have individual life insurance policies maintained on their behalf under the plan must have the economic benefit of the insurance protection included in income each year. The value of this benefit is known as the P.S. 58 cost and must be reported on Form 1099-R. Your insurance agent or company should provide this information to you to complete the Form 1099-R each calendar year. **As a reminder, we generally do not prepare Form 1099-R to report P.S. 58 costs unless specifically requested to do so.**

4. If the plan covers employees other than 100% owners, partners of a partnership, or their spouses, the Department of Labor requires the plan to be covered by a fidelity/surety bond of at least 10% of plan assets (up to a maximum bond of \$500,000). If you sponsor more than one plan, you may cover both plans with the same bond; however, all plan names must be listed on the bond, and the bond must be sufficient to cover at least 10% of the combined plan assets. The \$500,000 maximum bond limit applies to each plan separately.

If you own any "non-qualifying" assets such as limited partnerships, trust deeds, private stock, etc., you may be subject to an independent audit unless you increase your fidelity bond to equal the value of the "non-qualifying" assets (but no less than 10% of the total assets held). **The increased bonding must be in place for the entire plan year** (or since the assets were acquired). The bonding requirement also applies **immediately** to such assets acquired in the coming year.

Qualifying assets are defined as any asset held by a bank, insurance company or broker-dealer, mutual fund shares, annuity contracts issued by an insurance company, employer securities, participant loans, or certain assets in a participant-directed account. If you have any assets besides these described or if you have any questions on this issue, please contact us immediately and/or see a copy of our Information Release regarding the New Audit Requirements on our website [www.kravitzinc.com](http://www.kravitzinc.com).



## **FREQUENTLY ASKED QUESTIONS ABOUT THE EMPLOYEE CENSUS DATA**

### **A. Who should I include in the census data I send to Kravitz?**

Include all employees who received pay at any time during the plan year, even if they terminated employment or are not eligible for the plan.

**Tip:** Total the compensation and 401(k) deferral fields and compare them to your payroll reports, to verify that all employees are included.

### **B. What is considered "compensation"?**

Compensation generally includes wages and other payments reported on Form W-2.

Compensation includes 401(k) and 125 cafeteria plan deferrals. (For sole proprietors, compensation is net Schedule C income. For partners, compensation is K-1 income.)

### **C. Why does Kravitz need hours worked and dates of birth, hire, rehire and termination?**

We need to know if employees are old enough to participate in the plan, if they are retirement age, and if they are required to take age 70½ minimum distributions. Sometimes age is a factor in determining a participant's contribution. We also take age into account when doing nondiscrimination testing.

We use hours worked, as well as dates of hire and termination, to determine when an employee becomes an eligible participant in the plan, to determine whether they are eligible to receive a contribution, and to determine vesting. We also have to report certain terminated participants on Form 5500.

We need rehire dates because rehired employees have special rights under the plan, and sometimes join the plan on their date of rehire.

### **D. What other information should I send Kravitz with the employee census?**

- *Sample Forms W-2 and a copy of Form W-3*, so we can verify the compensation and 401 (k) deferrals reported to us. If your plan uses an off-calendar plan year, please send us sample payroll report pages and the totals page, since W-2s are on a calendar year basis.
- *The Employer Status Report* includes information we need to report on Form 5500. It also contains information on any other companies the owner of your company may own, which affects nondiscrimination testing.
- *The Contribution Verification Form* on which you should list the dates and amounts of your deposits for the year.

### **E. Helpful tips that can save you money:**

- Make sure you've entered the required information for every employee (e.g. social security number, compensation, hours of service).
- Use the Remarks field to let us know about anything special (such as a change in name).
- Complete and return all the information requested (including the Employer Status Report, Contribution Form and sample W-2s/payroll report pages) to the Kravitz Data Team.
- Submit data by due date to avoid additional fees.
- The more complete and accurate the data is, the less we charge!

## SAMPLE CENSUS SPREADSHEET

**EMPLOYEE CENSUS LISTING**

**DATA AS OF:** 12/31/2008

**EMPLOYER:**

Name	Indicate Officer or Owner	Birth Date	Age @ 12/31/2008	Hire Date	Social Security Number	Total Compensation 12/31/2008	Hours Code*	If Applicable 401(k) Deferrals	Termination Date	Remarks
Owner										
Employee										

**\*Hours Code:**  
 "0" if 500 or less hours  
 "1" if greater than 500 hours and less than 1,000 hours  
 "2" if 1,000 or more hours