



LETTER

November, 2001 32-bit Version 7.4 16-bit Version 6.11

Incompass, Inc.

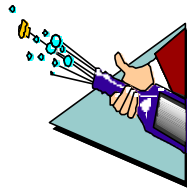
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HAPPY

BIRTHDAY

TO US!



Next month, Incompass turns 20 years old. At this time we would like to extend a heartfelt thank-you to our loyal family of clients. We couldn't have made it without your support!

What If.....

Your client has distributed the annual participant statements and is calling with a complaint. It seems that his top salesman noticed his birthday was recorded as 02/01/1976 when it should be 02/02/1976. He wants a new statement. Your client wants to keep him happy. You want to keep your client happy. So you tell him that a new statement will be issued immediately. But there are 85 participants in this plan! Nobody in their right mind would want to redo the whole thing! There's got to be an easier way, right? RIGHT!

Follow these simple steps and you'll have a corrected statement in less than two minutes!

1. Correct the bad data in the Participant's "B" screen. 2. Go to DC Option I, Change Social Security Number. 3. Enter the correct client number and plan type then put in a dummy client number and plan type. A question box will appear asking you

want to create a new client, answer YES. 4. Type in the Social Security number of the person whose statement you want to recreate, twice. A box will appear and ask you if you want to keep or delete the SS#. Answer YES to keep it in the original client number. 5. Exit the system and bring up run controls. 6. Enter the dummy client number and plan type. Do not put any money in the controls. Drop down to the question about increasing vesting. Answer NO. Finish run controls then run a "Final". 7. Select the statement number of choice and print out your corrected statement when the run is done. Note: If you have a multi fund client, you'll need to repeat steps 2 thru 5 for each fund. Don't forget to delete the dummy client number(s) when you're done.

New statement goes in the same day's mail!

The 410(b) test has changed it's address (In 32 Bit only)

To print this report, you must now use selection code Q in the Print Option Menu instead of E. Participant Statements and 401(b) used to share selection code E but have parted ways. Participant Statements got sole custody of "E" while 410(b) was moved to another part of the menu, "Q".

410(b) - Average Benefit Test - Employee Deferrals count as Employer Contribution! Just a reminder...

HELP!**16 and 32 Bit Change**

Screen #5 of the Defined Contribution Plan Parameters (Option A) has changed. The definition of compensation no longer includes "net", #1, as an option. Since the 415 limits have been calculated on gross for a few years, the additional new law changes have made net compensation obsolete. If a "1" is left in the field, the system will automatically convert it to a "2", for gross.

Just another reminder, there are Help screens accessible from the Defined Contribution, 401(k) and Defined Benefit menus. New users or new employees trying to learn the system may find the information helpful when trying to set-up a new or takeover client or trying to run a proposal. There are step by step directions as well as brief descriptions of each Option in the screen. 16 bit users can access the screen by pressing the F1 function key on the menu.

**New Match - Old Match,
How do We Vest Thee?**

Along with the new law becoming effective 01/01/2002, comes the problem of how to vest 401(k) Employer Matches. If the plan calls for 100% immediate or 6-year graded vesting, this is a non-issue. But if the plan document has a 7-year graded schedule and the new one is 6-year graded or better, there is a conflict. The EGTRRA amendment that adopts a more favorable match schedule for new money, and DOES NOT apply it to the old Match money, means a different match account has to be set up in the "J" screen, file maintenance. The existing Match line item would have to be retitled, i.e. "Old Employer Match Account" and the "M" in the first and third flag fields removed. A new line item, i.e. "New Employer Match Account" would need to be established which would utilize the "M"s in the flag fields and defer to the new match schedule. The old Match line items would remain on the Employer vesting schedule.

Note: when performing the ADP/ACP test for the prior year, the "Ms" in the "J" screen will have to be moved to the old Match line item. Upon completion of the test, the "Ms" must be moved back to the new Match line item.

Viewer's Choice

User's who view reports prior to printing, should be aware that they have two options. By pressing a "0" in the View Code field on the Print Option Screen, a blue text screen would come up displaying the keyed report. That is standard. However, by pressing a "9" instead of a "0", the report will be displayed on a white screen in Word Pad. The advantage of the latter is the ability to scroll.

NEW RATES

These are the monthly rate increases since the last update:

PBGC Variable Premium Rates

Apr. 2001	4.54%	June 2001	4.91%
May 2001	4.80%	July 2001	4.82%

GATT Interest Rates

Apr. 2001	5.65%	June 2001	5.67%
May 2001	5.78%	July 2001	5.61%

DB Quarterly Penalty Interest Rates

June 2001	8.87%	Sept. 2001	8.50%
July 2001	9.06%	Oct. 2001	8.11%
Aug. 2001	8.82%		

DB Current Liability Minimum\ Maximum

Interest Rates and Lower "Upper Limit" Rates

Apr. 2001	5.26%	- 6.43%	- 6.14%
May 2001	5.25%	- 6.42%	- 6.12%
June 2001	5.24%	- 6.40%	- 6.11%
July 2001	5.22%	- 6.38%	- 6.09%
Aug. 2001	5.21%	- 6.37%	- 6.08%
Sept. 2001	5.20%	- 6.36%	- 6.07%

And Yet Another Reminder!

By deleting a participant from the "4" screen of the Defined Benefit, "B" screen of the Defined Contribution or "A" screen of the Census systems, you will NOT automatically delete any policies that have been set-up in the Insurance file. All Insurance files must be deleted individually.

Directive Tips

If you need to issue directives prior to running a final for the current year, the terminatee's vesting may not be current. To assure that the vested percentage increases, if appropriate, put 1,000 in the current hours field.

Next Year's Participants

32 bit User's were used to running Option Z in the Defined Contribution System to find out who would be entering the plan in the following year. There no longer is an Option Z. To find out who those new participants will be, go to Option B, selection code 3, Special Options.

Moving Up to XP

If you're contemplating an upgrade to Microsoft Windows XP, you'll be glad to know that Incompass is totally compatible with it. However version 7.4 or greater, 32-bit, is required to run.

Catch-Up Contributions for the Over 49 Set

the fine print

Under the proposed regulations, anyone who will turn 50 during a given year is deemed to have turned 50 as of January 01 of that year. So it is possible to have a 49 year old person make the extra contribution and terminate before their 50th birthday. Participants do not have to wait until they have actually turned 50 to take advantage of the catch-up provision. Let the Administrator be aware.

Catch-up Benefit to ADP/ACP Test

An extra advantage to utilizing the catch-up option is that excess deferrals to HCEs who are 50 and over, up to \$1,000 (2002), can be recharacterized as catch-up if the discrimination test fails. The recharacterized deferral money is exempt from testing.

NOTE: To be able to use the catch-up provision in 2002, the plan document and "communication materials" will need to be revised before the first day of the 2002 plan year.

FYI

In the Defined Contribution System, Option H will calculate the maximum contribution based on the parameters input thru Option A and the census data in Option B. O.K., you already knew that. But did you know that if, on screen # 4 of the plan parameters, you answered yes to the question "Include Forfeitures in Calcs" that you could override the forfeiture amount used? Normally the system would look at the non-vested portion of money on the forfeiture report. However, the User may need to use some of that money to restore account balances, or for other reasons, resulting in a smaller amount of forfeiture to allocate. Should this be the case, entering the adjusted forfeiture total in the Run Controls, Option D, will solve the problem. Option H will calculate the appropriate contribution using the forfeiture amount input to the Run Controls as opposed to the amount found in the forfeiture report.