



Non-Discrimination Coverage Testing Instructions for the Plan Year ended June 30, 2011

The form is available through the YERDI interface. A number of the fields will be prefilled with data on file at the Fund. All information requested is based upon your last payroll of June 2011.

Please enter the requested information in the shaded areas. If your YMCA is a *Who's Where* subscriber, the information requested on lines 5 and 6 is available by running the "Non-Discrimination Coverage Testing Report" found in the reports menu of *Who's Where*. If you are not a *Who's Where* subscriber, you will need to manually compile this information from your payroll records.

The form contains context sensitive help as well as a link to FAQs. When you have finished, press the SUBMIT button on the bottom of the form. This will save the form and automatically send an email notifying us of its completion. Once saved, the form is locked. You will then not be able to alter the contents without contacting the Fund.

The form **must be completed by August 31, 2011**. It is an important part of the Fund's filing of IRS Form 5500 with the Department of Labor.

Completing the form:

At the top of the form, enter the name, phone number and e-mail address of the person preparing this form. We will use this information to contact you if we have any questions.

Your YMCA Information

Verify the information preloaded into the form. If your Federal Tax Identification Number (TIN) is incorrect, you can revise it here. To correct other information in this section you will need to contact the Fund.

Enrollment Information

Information related to all employees is to be entered in Column I.

Information about employees who earned \$110,000 or more during the twelve months ending June 30, 2011 is to be entered in Column II.

Enter the following in this section:

- the total number of employees
- the number of employees that are not eligible
- the number of employees that are enrolled in the plan
(This last data point will automatically be entered from your last Transmittals in June)

All information is to be based on data from the last payroll in June.

Who's Where users can get the data for Column I by running the **“Non-Discrimination Coverage Testing Report”** from the Reports menu.

Information concerning Highly Compensated Employees (HCE's), which is required in Column II, will need to be gathered from your payroll records.

Column I - Enter information about all employees, including HCE's (Highly Compensated Employees who earned \$110,000 or more in the twelve months ending June 30, 2011) and any Leased employees.

An EMPLOYEE is defined as anyone who works full-time, part-time or seasonal and is on your payroll.

Column II - Enter information about **HCE's ONLY**.

Line #5 **Column I:** Enter the **TOTAL** number of employees on your last payroll in June, 2011. Also include anyone who may be employed on a seasonal basis but did not earn any wages for that payroll period.

Column II: Enter the total number of HCE's you had on your last payroll in June, 2011.

Line #6 Under each column, enter the number of employees who are **NOT ELIGIBLE** because they either:

- Are under age 21
- Have never worked at least 1,000 hours in any two years
- Waived participation when employed at age 60 or older.

Employees who are not eligible because they meet more than one of these conditions should be counted only ONCE. (i.e. if an employee is under 21, in the waiting period and has not worked 1,000 hours, they should be included in only one of the first three lines.)

NO ENTRY required in the last line. A formula will calculate the total number of employees Not Eligible.

Line #7 THIS CELL HAS A FORMULA-**NO ENTRY REQUIRED**. The formula calculates the number of **ELIGIBLE** employees under each column. **(Lines 5 minus 6e)**

Line #8(a) This cell contains the number of employees enrolled in the Retirement Plan per the contribution data entered in YERDI for the last payroll in June 2011. It does not include participants in the Tax Deferred Savings Plan that are not enrolled in the Retirement Plan.

(b) This cell is used to include employees that are enrolled but not included in the last transmittal for June due to retro enrollment or other reasons.

IF ALL ELIGIBLE EMPLOYEES ARE IN THE PLAN, THE TOTAL OF LINES 8(A) + (B) WILL MATCH THE NUMBER ON LINE 7.

Line #9 THIS CELL HAS A FORMULA-**NO ENTRY REQUIRED**. Formula calculates the number of **ELIGIBLE** employees not enrolled in the Plan. **(Line 7 minus 8(a+b))**.

Line #10 **Formula calculates Coverage ratio.** This computation indicates whether the YMCA is meeting the minimum coverage requirement. **Under IRS guidelines, YMCAs MUST meet the minimum coverage requirement to continue to offer the Retirement Plan to their em-**

ployees. If the ratio percentage on Line 10 is 70% or more, then the plan satisfies the coverage requirements based on the Ratio Percentage Test.

Formula:

- (a) **Column I Lines 8 a+b minus Column II Lines 8 a+b**
- (b) **Column I Line 7 minus Column II Line 7**
- (c) **Divide the results above: (a) divided by (b)**
- (d) **Divide Column II Lines 8 a+b by Column II Line 7**
- (e) **Divide result in (c) by result in (d) to get the percentage**

$$\frac{\text{Column I Lines 8 a+b} - \text{Column II Lines 8 a+b}}{\text{Column I Line 7} - \text{Column II Line 7}} \div \frac{\text{Column II Lines 8 a+b}}{\text{Column II Line 7}}$$

If the ratio percentage is lower than 70%, call the Retirement Fund for help at (800) 738-9622. The form must be completed by August 31, 2011.

FAQs

1. Should I use the total number of employees listed in the summary data at the top of my transmittal as the number of employees enrolled in the plan?

No. The “Total Number of Employees” listed on your transmittal includes Retirement Plan and Tax – Deferred Saving Plan participants. Use only the number of employees listed next to “BASIC Account”. This will eliminate the possibility of including participants in the Tax-Deferred Savings Plan that are not eligible to participate in the Retirement Plan.

2. For total number of employees, should I count all the people I had employed year round or just the ones present at June 30th?

Only count the employees that were on your last payroll in June. You do not need to count everyone you employed throughout the year; However, seasonal employees that only work 1 week or 1 month during the entire year and are enrolled in the plan (with contributions being made during the year) also need to be included in the count. The goal is to count individuals employed by your YMCA as of June 30th.

3. Should I include employees listed on the transmittal who have zero contributions?

If the employee’s name is still listed on the transmittal and comes back every year around the same time, then the employee should be included in the count. If the employee has not come to work in over a year and there is no legitimate reason for the YMCA to expect them to return to work, then they should be terminated in YERDI and therefore not included in the count of employees enrolled.

4. Should I include employees listed on the transmittal who are on workers compensation, military leave, medical leave or short-term disability?

For the purposes of this form, if the YMCA considers the employee as a continuing employee and wishes not to sever employment because the YMCA has reason to believe they will return to work when able, then they should be counted as enrolled. If, however, the employee has not returned to work in more than 12 months and the YMCA has no legitimate reason to expect them to return to work, they should be terminated in YERDI and therefore not included in the count of employees enrolled.

5. Should I include employees who were enrolled retroactively and were not included in the June transmittal (but were supposed to be included)?

Yes.

6. Should I include employees who were supposed to be enrolled in the retirement plan but their paperwork was not processed by June 30th?

Yes.

7. Should employees who terminated prior to June 30th be included on the Non-Discrimination Coverage Testing even if they are listed on the June transmittal?

No. If the employee terminated prior to June 30th they should not be included in the count as enrolled.

8. Should I include employees who are listed on the June transmittal, have opened a 403(b) Smart Account and are making contributions but who ARE NOT eligible to be enrolled in the plan yet?

No. Only count them if they are eligible to participate in the Retirement Plan.

If you have any employees who meet the criteria listed above, contact the Fund. The form will automatically pick up the number of employees with contributions to the “Basic Accounts” on your last transmittal in June.