

FASCore Documentation

FUNCTIONAL PROCESS: Contributions

PROCEDURE: Military Contributions

DATE: October 2007

Overview

The participant is entitled to receive contributions for the period of time he was away for military service, as long as he returns to work. Participants that do not return to work following their period of military service are not entitled to contributions for the period of time they were away. The participant would NOT be entitled to forfeitures that may have been reallocated to participants during the period of military service (if applicable) or to any earnings on contributions.

The participant is entitled to receive service credit towards vesting for the period of military service. This is generally based on the number of hours he would have been expected to work had he not left for military service. There is no break-in-service due to the military leave. Also, the participant's compensation for contribution purposes should be based on the compensation he would have been expected to earn had he not left for military service. If this amount is not able to be determined, the employer can take the average compensation from the 12 months prior to the participant leaving for military service and use that for contribution determination purposes.

The participant is able to make-up the salary deferral contributions they would have made had they not been on military leave. Deferrals that are made-up are limited to the plan limit that was in effect for the year the deferrals are being contributed on behalf of and are limited to the §402(g) and §415 limits in effect for the year the deferrals are being contributed on behalf of. The amount of time the participant has to make-up these contributions is equal to 3 times the length of military service, not to exceed 5 years, measured from the participant's re-employment date. For example: if this participant was away for 15 months, he would have 45 months to make-up any deferrals upon returning to work since this does not exceed 5 years. The participant would also be entitled to any matching contributions attributable to these deferrals, if applicable. The matching contribution should be calculated using the formula in effect in the year the contributions are being made on behalf of. The final regulation effective on January 18, 2006 require matching contributions to be made in accordance to the plan's requirements for employer matching contributions once the reemployed employee has made the necessary makeup contributions.

If the plan makes profit sharing contributions, the rule regarding timing of deposit for these contributions states that the contribution should be made to the participant within 90 days of their return to employment, or when plan contributions are normally due for the year in which the service in the uniformed services was performed, whichever is later. If it is not possible for the amount to be determined and deposited in this amount of time, the employer must deposit the contribution as soon as they are able to do so.

Procedure

I. PDI File

- A. There is a Compliance Status Code indicator on the PDI file that the Plan Sponsor can provide to indicate that a participant is/has been on military leave.
 - a. This is a standard field that does not need to be updated via PTS
 - b. This field is coded as a “m”
- B. Compliance will use this “m” when providing compliance testing for the plan if FASCore is providing compliance services so they know the participant is/was on military leave. The compliance analyst will work with the plan sponsor once these people have been identified to verify the employer did not remit contributions through the PSC as Regular Contributions that would be picked up during testing. Military contributions will not be considered in the current years testing. All makeup contributions are disregarded for testing, even if made for the same year that the returning participant is actually employed by the employer.

II. Processing a Military Contributions

- A. Military contributions can't be made via the PSC because of the following reasons:
 - a. PSC codes all contributions as regular deposits vs single deposits.
 - b. It is important these contributions are coded as single deposit so they don't appear on the census file as this would impact testing
 - c. In order to code as single deposits the FASCore service center cash area must manually post these contributions.
- B. The Plan Administrator will need to generate a plan check for make up contributions and mail along with a [Military Contribution Form](#) to:
 - a. Regular Mail: MetLife, c/o FASCore, LLC, P.O. Box 824417, Philadelphia, PA 19182-4417.
 - b. Overnight Mail: PNC Bank, Route #38 & East Gate Drive, Lockbox #824417 Moorestown, NJ 08057 Contact: MetLife c/o FASCore, LLC Phone #: 1-800-543-2520
- C. The Military Contribution Form must include the amounts and payroll dates that identify the period for the make up contribution.

- D. Once the FASCore service center receives the necessary documentation prior to market close, they will post the transaction to the participant account same day or next business day if information is received after market close.
- E. The participant can confirm the contribution has been posted to their account via the website or contacting the Client Services department.

III. Consideration for Plan Sponsors with participants returning from active duty

- A. [USERRA Checklist](#) available to assist employer with an overview of participant rights
- B. [Election Checklist for Employees returning from Military Active Duty form](#) This optional form is available to assist Plan Sponsors with calculating and documenting employees makeup and catch-up contributions
- C. [Eligible Retirement Benefits Summary form](#) This option form is available for Plan Sponsor to complete and submit with the Military Contribution form

IV. Problem Resolution

- A. All make up military contributions received at the FASCore service center without the Military Contribution Form, or if the form is incomplete, are to be identified within 48 hours from the time the event id is assigned on ISIS and the appropriate action taken.
- B. Once the completed form is received, the make up contribution will be processed with an effective date of the day the form is received by the FASCore service center.
- C. If no form is received with the check, the FASCore service center cash processor will check with Banking Services to review photocopies of paperwork received in the lockbox express package.
- D. If no paperwork is found and it is known what Plan the participant is under, the military contribution form will be faxed to the employer's primary contact requesting the appropriate documentation.
 - 1. If no response is received from the employer after five business days, a second notice will be faxed to the employer.
 - 2. If after ten business days we have not received the Military Contribution Form, the money will be refunded back to the employer.
 - 3. The letter informs the employer we will be refunding the money by a specific date if we do not receive a completed form.
- E. If it is unknown what Plan the participant is with, an email will be sent to the MetHome plan support team for assistance in identifying the participant and Plan.
- F. If after five business days we do not have a response, the money will be refunded back to the employer.

1. The e-mail is to include the following:
 - Name of participant
 - Dollar amount
 - Date received
- G. If the Military Contribution Form is incomplete (missing amounts to be applied to which plan year, or the Plan Administrator signature), a fax cover sheet with a copy of the form will be faxed to the employer's primary contact for completion.
 1. The employer can fax the form back to the FASCore service center.
 2. If no response is received after five business days, a second fax will be sent to the employer.
 3. If after ten business days the completed form is still not received, the money will be refunded back to the employer.
- H. All Military Contribution Forms must be signed by an authorized signer. If the signer is not an authorized signer, the form will be faxed to the employer's primary contact with a letter requesting an authorized signer sign the form.

V. Frequently Asked Questions

Are there any indicators on the PDI file that the plan sponsor can send to indicate a participant is or has been on military leave?

Yes, the indicator on the PDI file is an "M". The compliance team will use this "M" to apply the appropriate testing procedures when applicable.

What is the basic rule for employers reemploying veterans?

Employers must fund pension benefits that a reemployed participant did not receive due to qualifying military service.

How does that work for profit sharing or money purchase pension plans?

Employers must make the non-elective employer contributions that would have been made during the military service period

How is compensation determined for this purpose?

To calculate the makeup contributions and allocations due, assume the rehired employee earned compensation at the same rate they would have received during the military service period.

How long does an employer have to make these makeup contributions?

The employer does not have to begin the makeup contributions until after the veteran returns to civilian employment with the same employer; the employer may fund makeup contributions over a period of three times the military service period, not to exceed five years.

What about employer matching contributions?

If matching contributions are required because of employee elective contributions, the employer match must occur as soon as the rehired veteran pays in missed elective contributions.

Are there special rules for forfeitures or lost earnings

A rehired employee is not entitled to missed allocations for any forfeitures that occurred during the military service period, nor lost earnings on makeup contributions.

Are there rules for contributory defined benefit plans?

A rehired veteran must be permitted to make up missed contributions required to earn a benefit accrual for the military service period

How long do rehired veterans have to make up elective contributions?

A rehired veteran has up to three times the period of service – not to exceed five years – to make up missed employee contributions. The amount of makeup contributions is subject to the limits that would have applied during the military service period.

Can a plan allow for a suspension of plan loan repayments when the participant is performing military service?

Yes. The plan and participant should send in a Loan Payment Change form before and after the military leave.

What happens to the loan when the veteran is rehired?

The participant must resume loan repayments with the payment frequency and amount at least equal to the pre-military schedule. The rehired veteran must repay the full loan amount (including interest accrued during the military service period) by the end of the maximum term for the original loan plus the military service period.