

# Auditor's Guide

*An Overview of Fidelity's 2024 Plan Year Reporting Package*

*Please forward this guide to your independent auditor if your company is a Fidelity Institutional client and your company's plan is required to have an audit as part of the Form 5500 reporting process. This resource guide provides relevant information for the plan's audit.*

***NOTE: Because of the number of hyperlinks in this guide, it's best used as an online resource.***

# Significant for 2024 Plan Year

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**Note:** When comparing prior year to current year gains and losses, keep in mind the change in NAV from the beginning of the plan year to the end of the plan year will have a direct impact on the gains and losses. Remember this when comparing gains and losses in the prior plan year.

## Section 1:

- 1.11 – Enhanced PSW® Annual Audit Reporting – Frequently requested & useful reports available to generate in PSW®
- 1.13 – Fidelity Collective Investment Trust Reporting is now available on PSW®
- 1.16 – SAS 136 and ERISA Section 103(a)(3)(C) Audits – Fidelity Management Trust Company (FMTC) Certification Letter
- 1.17 – NEW – ‘SECURE 2.0’ Provisions

## Section 2:

- 2.13 – NEW – Auditing the Forfeiture Account

## Section 3:

- 3.1 – PSW® Resources on protecting data – SOC 2, ISO 27701 and 27001/27017 Certifications, Resiliency Statement, SIG Questionnaire, DOL Guidance Whitepaper and more
- 3.13 – Fidelity Cybersecurity Controls Overview
- 3.14 – Cloud Infrastructures and How to Determine if Applicable to Your Retirement Plan

## Section 6:

- 6.1.28 – Supplemental guide to the Audit Certification provided by Fidelity Management Trust Company (FMTC) – Custodian Illustration

## Section 7:

- 7.2 – Fair Value Updates for Fidelity Stable Value Funds and Fidelity Commingled Pool Footnote/Disclosure Updates
- 7.5.5 – SDB Market Value Adjustment Reconciliations

## Section 8:

- 8.2.8 – Participant Revenue Credit Allocation Illustration
- 8.5.13 – NEW – SECURE Act and Final Form 5500 regulations for Schedule MEP (DC)
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- SOC 1 Report Controls Referenced to the AICPA Audit and Accounting Guide

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## 1.0 WORKING WITH FIDELITY

### 1.1 Overview of Audit Support Service and Plan Year End Summary Reports

**NOTICE:** The 'Run Reports' page in PSW® will be decommissioned in 2025. You will still be able to access all the same reports and more features in PSW® under Reporting > Dashboard.

[Click here](#) for an overview of our audit support services and our plan year end summary reports.

The following linked document contains definitions and acronyms for hundreds of the most commonly used terms during a plan's nondiscrimination testing, reporting, annual audit and Forms 5500 and 8955-SSA filings. PSW® access is not needed to view [the glossary](#).



**TIP:** For a list of frequently asked questions, please see Appendix C.

### 1.2 Audit Support Overview

Fidelity's audit support function is designed to provide the supporting documentation and clarifications necessary for the performance of the audit related to the Form 5500. This section will provide plan sponsors with an understanding of the various communication options.



**NOTE:** If the plan is going through an IRS or DOL Audit, all questions and requests must be made through your Fidelity Client Service Team. Report requests can be made through the PSW® 'Plan-level Audit Help' type of service request choosing the 'IRS or Department of Labor audit' option. See section 1.7 on opening a PSW® service request.

### 1.3 How to Work With Fidelity

There are several lines of communication available to plan sponsors and auditors.

1. **Plan Sponsor WebStation (PSW®)** - Fidelity will publish all reports for clients and auditors through PSW® on the 'Administer Plans' > 'Plan Year End Summary Reports' page. Plan sponsors may provide their auditor access to PSW® or can download reports from PSW® and provide them to their auditor.

Access to PSW® Service Requests may be granted to allow the auditor to open work items directly to the Audit Support Team. See [Section 1.4](#).

2. **Audit Support Helpline** - We realize it is sometimes difficult to put thoughts into text when addressing complex issues. Fidelity's Audit Support Helpline is available for inquiries best addressed through live dialogue. **The Audit Support Helpline is available Monday through Friday, from 8 AM – 6PM, ET.**

If the plan sponsor provides their auditor with the Helpline phone number, Fidelity will be happy to communicate with them directly when the sponsor has authorized us to do so.



**NOTE:** Since we are not able to control the content or format of incoming emails (and must protect the security of participants' sensitive information) we do not provide an option for plan sponsors or auditors to send documents or inquiries through email correspondence. **Audit Packages cannot be emailed to auditors.**

## 1.4 Requesting Third Party/Auditor Access to PSW®

For an auditor to receive access to PSW®, the plan sponsor must complete the Fidelity PSW® User Access form. The form has a specific access option for auditor access and it can be used to create a new or modify an existing PSW® user account.

**If an auditor has an existing PSW® ID it can be provided to the plan sponsor to add it to their account. This way the auditor does not have to have multiple ID(s) for multiple plans.**

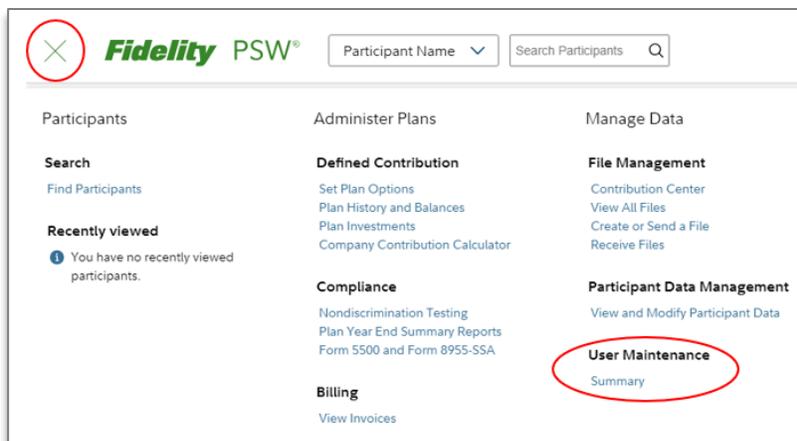
The PSW® User Access Form can be found on PSW® under 'Administer Plans' > 'Plan Year End Summary Reports' > 'General Audit Documents' tab. In the 'General Audit Documents' tab, select 'PSW® Auditor Access Form'. Once completed and signed by an authorized individual, it should be attached to a PSW® General Service Request and submitted by the plan sponsor.

Questions on the access form, how it should be completed or how current access can be updated, should be directed to the plan's client service team.



**REMEMBER:** Fidelity's Audit Support Team cannot update PSW® access requests and is unable to answer questions regarding access.

Once a user has been provided with access, an Authorized user of the Plan Sponsor can view or modify access in PSW® through the 'User' Maintenance tool.

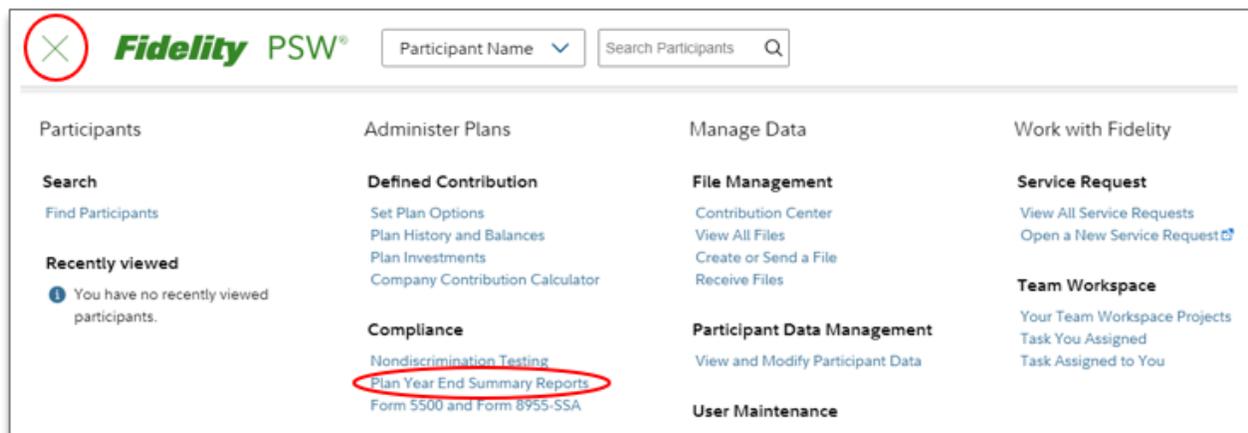


## 1.5 Plan Year End Summary Reports Page

The Plan Year End Summary Reports, supplemental reports and any custom reports requested will be posted to the 'Plan Year End Summary Reports' page in the 'Administer Plans' section of PSW®.

To access the Plan Year End Summary Reports:

- Log onto PSW®.
- Click the hamburger menu on the top left of the screen.
- Select the column titled 'Administer Plans'.
- Select the 'Plan Year End Summary Reports' link.
- On the following page there is a snapshot of the 'Administer Plans' page.



Within the 'Plan Year End Summary Reports' page, there are three tabs that each house published reports for the plan as well as other valuable resources. The three tabs are 'Plan Financials', 'Requested Reports' and 'General Audit Documents'.

- **Plan Financials** – Reports in this tab are part of our standard Plan Year End Summary package as well as supporting supplemental detail reports.

Examples include Trial Balance, Summary of Plan Operations, 5500 Worksheet, Certification Statements, Fee Detail Report, Balance Info Summary Extract (BISE) and Loans and Withdrawals Reports.

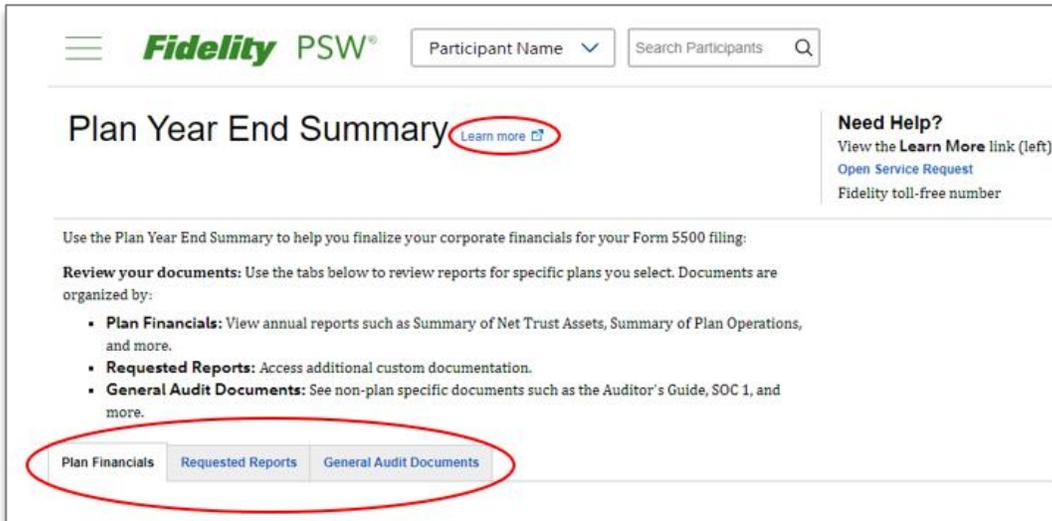
- **Requested Reports** – Custom reports requested by the plan sponsor or auditor
- **General Audit Documents** - Non-plan specific documents and resources such as the Auditor's Guide, SOC-1 Reports, Sample Request Form, and Fidelity Collective Investment Trusts reports (annual reports, holdings, DOL 5500 DFE certifications, SOP 94-1-1 reports)

**Features on the Plan Year End Summary page include:**

- Under 'Select a Plan' you are able to choose other plans which are part of a relationship.
- Filter by year and by document. The page will hold past years' audit reports for up to the previous seven plan years.
- Review 'Learn More' on Plan Year End Summary reporting and PSW® training.

- Open reports by clicking on 'Report Name'.

The following image shows a screen shot of the 'Plan Year End Summary Reports' page within the 'Administer Plans' tab in PSW®.



## 1.6 Form 5500 and Form 8955-SSA Landing Page

### Form 5500 Features

- Work management area with access to active and completed forms
- Ability to edit active Form 5500s
- Electronic signing and filing process for Form 5500 within PSW®
- Separate page for Form 8955-SSA

The plan sponsor must authorize the auditor to access the Forms 5500 and 8955-SSA processes. (See [Section 1.4](#) on third party access.)

From the 'Administer Plans' page, choose 'Form 5500 and Form 8955-SSA' link.

# Form 5500 and Form 8955-SSA [Learn more](#)

**Need Help?**  
Click the [Learn More](#) link or call the Fidelity toll-free number

In-Progress Forms

**Completed Forms**

Ability to access current and completed forms

Let us guide you through the PSW e-filing process:

- 1. Review your form's filing status:** View the *Status* column.
- 2. See your next steps:** Select [?](#) for more details on any status, including next steps.
- 3. Take action:** Forms needing client action are marked with a [!](#) symbol. Select the accompanying *Open* button to take action.
- 4. View completed filings:** Select the *Completed Forms* tab to see the forms that have been successfully filed with the Department of Labor (DOL) or Internal Revenue Service (IRS).

Sort by Plan Number

Select

Filter By

All Plans

All Statuses

Ability to sort by plan and status of completion

[!](#) QA - Form 5500

Open

Plan Number: 74634 | Plan Year End: 2013 | Status: [Review & Approve](#) | Filing Deadline: 10/15/2014 | Extension Filed: Yes [View](#)

[!](#) PAS PLAN PROTOTYPE II test - Form 5500

Open

Plan Number: 74634 | Plan Year End: 2016 | Status: [Ready to Sign](#) | Filing Deadline: 10/15/2017 | Extension Filed: Yes [View](#)

[!](#) PROTOTYPE I Form5500,H,R - Form 5500

Open

Plan Number: 74635 | Plan Year End: 2016 | Status: [Ready to Sign](#) | Filing Deadline: 10/15/2017 | Extension Filed: Yes [View](#)

Easy to access to Form 5500 and 8955-SSA

Access a plan's Form 5500 by choosing 'Open' for the plan you would like to review.

**Fidelity PSW®** Participant Name [v] Search Participants [Q]

## Form 5500 [Learn more](#)

Filing Deadline: 10/15/2023

**Review & Approve** > Sign > File > Final Steps [View Form 5500 and Schedules \(PDF\)](#)

Review and approve your Form 5500, related schedules, and additional attachments below

- 1. Review your documents for accuracy:** Use the tabs below or select [View Form 5500 and Schedules \(PDF\)](#) (right) to print and review.
- 2. Make any necessary edits:** Simply select the *Edit* link within the appropriate tab. Be sure to *Save* any changes.
- 3. Add attachments the DOL may require:** See the *Attachments* tab for a list of options.
- 4. Check for errors:** Before approving your documents, select [Check for Errors](#) (right) to see issues that could delay a completed filing with the DOL. We recommend correcting all errors for a successful filing. Click [Learn More](#) (below) for additional information.
- 5. Approve documents for electronic signing:** With errors corrected, select *Approve*. Note: You may still return to edit documents, if needed

[Learn More About Review & Approve](#)

Form 5500 | Schedule A | I | Attachments

<b>Form 5500</b> <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefits Guaranty Corporation</small>	<b>Annual Return/Report of Employee Benefit Plan</b> <small>This form is required to be filed for employee benefit plans under sections 104 and 4085 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code).</small> <small>Complete all entries in accordance with the instructions to the Form 5500.</small>	<small>This Form is Open to Public Inspection</small>
<b>For Calendar Plan Year or Fiscal Year</b> Fiscal Year Beginning 07/01/2022 and Ending 06/30/2023		
<b>Name of plan</b> ABC Test Plan		
<b>Three-digit plan number (PIN)</b> 001		
<b>Employer Identification Number (EIN)</b> 123456789		

**Error Check**

**Return Form to Fidelity**  
For form issues you cannot address, send your form back to Fidelity for further help. Enter details here about the issue and any additional information necessary.

**Learn More with additional information on the Form 5500 filing process**

**View Form 5500 in PDF format**

**Ability to send Form 5500 back to Fidelity with change requests**

The Summary Annual Report becomes available once the plan sponsor has approved the Form 5500 in PSW®. The following image shows the location of the Summary Annual Report on the Form 5500 page.

**Fidelity PSW®** Participant Name [v] Search Participants [Q]

## Form 5500 [Learn more](#)

Filing Deadline: 07/31/2021

✓ Review & Approve > ✓ Sign > ✓ File > **Final Steps**

[Learn More About Final Steps](#)

**Complete!** The DOL accepted your form 5500. You are almost finished...

**Next Steps**

1. **Send your Summary Annual Report (SAR):** You must distribute the SAR to participants, as well as beneficiaries of deceased participants, within two months after the filing deadline for the Form 5500.
2. **Print and maintain** a hardcopy of these documents for your records.

**Current documents:**

- Form 5500 and Schedules (PDF)
- Summary Annual Report (PDF)
- Filing Notes (PDF)



**IMPORTANT TIP:** Per the DOL's FAQs on EFAST2: A PDF encrypted or password protected to restrict editing, printing or viewing cannot be included as an attachment to your filing. If you attempt to include such an attachment, EFAST2 will remove the PDF from your filing and you may receive an error indicating an attachment is missing.

If you are concerned about the authenticity or security of a PDF file, sign or certify the PDF with a digital ID. PDFs signed/certified with a digital ID can be included as an attachment to your filing and successfully transmitted to EFAST2.

### Need help with filing the Form 5500?

From the In-Progress Form 5500 page, choose 'Learn More'. This feature will walk you through the filing of a Form 5500 step-by-step in PSW®. To file a successful Form 5500 with the DOL, you should have any required attachments ready before you begin the filing process.

**Fidelity PSW®** Participant Name [v] Search Participants [Q]

## Form 5500 [Learn more](#)

Filing Deadline: 10/15/2017

**Review & Approve** > Sign > File > Final Steps

Review and approve your Form 5500, related schedules, and additional attachments below

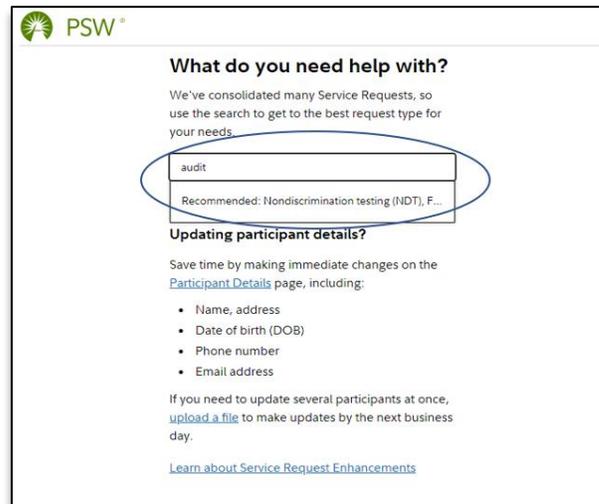
## 1.7 Opening a PSW® Service Request

The ability to open a PSW® Service Request can be a great tool for auditors. Service Requests can be opened to request reports, check copies and ask the Audit Support Team specific questions. The plan sponsor must give the auditor permission to access the Service Request functionality.

***If the auditor has not been granted access to open a Service Request, the auditor will need to contact the plan sponsor to request a Service Request be opened on his/her behalf.***

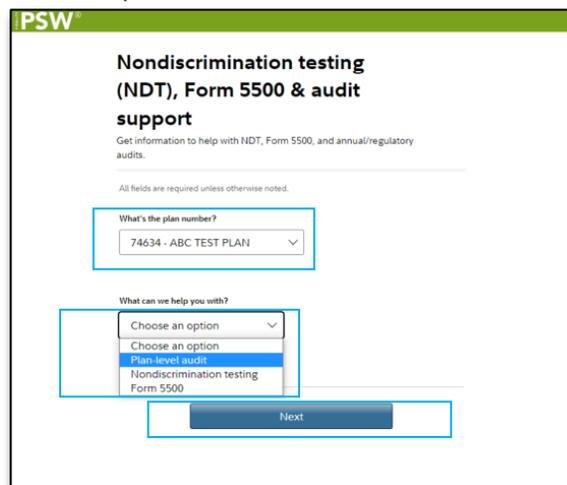
Service Requests to the Audit Support Team are mostly opened from the Plan Year End Summary page under 'Need Help?'.

Service Requests can also be opened within PSW® by clicking 'Open Service Request' wherever the link is available or by going to the 'Working With Fidelity' tab and choosing 'Open a New Service Request'. Use the search word 'audit' and choose 'Nondiscrimination testing (NDT), Form 5500 & audit support'.



The screenshot shows the PSW search page. At the top left is the PSW logo. The main heading is "What do you need help with?". Below this, a text block explains that many service requests are consolidated and a search is used to find the best request type. A search input field contains the word "audit". Below the search field, a recommendation is shown: "Recommended: Nondiscrimination testing (NDT), F...". Below the recommendation, there is a section titled "Updating participant details?" which includes instructions to save time by making immediate changes on the "Participant Details" page, listing fields like Name, address, Date of birth (DOB), Phone number, and Email address. It also mentions uploading a file for multiple updates and provides a link to "Learn about Service Request Enhancements".

Choose the correct plan number the request is for, choose 'Plan-level audit' and click 'Next'.



The screenshot shows the PSW service request form for "Nondiscrimination testing (NDT), Form 5500 & audit support". The page title is "PSW" in a green bar. The main heading is "Nondiscrimination testing (NDT), Form 5500 & audit support". Below this, a text block says "Get information to help with NDT, Form 5500, and annual/regulatory audits." and a note states "All fields are required unless otherwise noted." There are two dropdown menus. The first is labeled "What's the plan number?" and shows "74634 - ABC TEST PLAN". The second is labeled "What can we help you with?" and shows a list of options: "Choose an option", "Choose an option", "Plan-level audit", "Nondiscrimination testing", and "Form 5500". The "Plan-level audit" option is highlighted. Below the dropdowns is a blue "Next" button.

Choose 'Plan year-end/annual audit'. There is also a link to our [Guide to Annual Audit Support Templates](#). This guide will give direction on how you can generate some frequently requested reports yourself within PSW®.

**PSW®**

### Nondiscrimination testing (NDT), Form 5500 & audit support

All fields are required unless otherwise noted.

What type of audit do you need help with?

- Plan year-end/annual audit
- IRS or Department of Labor audit
- Another type of audit or report request

If you need a report, check the on-demand templates on the Reporting tab under Run Reports. [Guide to audit support PSW report templates.](#)

Choose 'Yes' if you are opening a request for check copies or paperwork for distributions, loans, and rollovers-in. Choose 'No' for all other types of audit requests.

**Nondiscrimination testing (NDT), Form 5500 & audit support**

All fields are required unless otherwise noted.

What type of audit do you need help with?

- Plan year-end/annual audit
- IRS or Department of Labor audit
- Another type of audit or report request

If you need a report, check the on-demand templates on the Reporting tab under Run Reports. [Guide to audit support PSW report templates.](#)

Do you need participant data samples?

- Yes
- No

Ask your question or request for report. To attach a file, choose "Select Files" to browse for the file. Then choose 'Next'.

## Nondiscrimination testing (NDT), Form 5500 & audit support

All fields are required unless otherwise noted.

What type of audit do you need help with?

- Plan year-end/annual audit
- IRS or Department of Labor audit
- Another type of audit or report request

If you need a report, check the on-demand templates on the Reporting tab under Run Reports. [Guide to audit support PSW report templates.](#)

Do you need participant data samples?

- Yes
- No

Tell us as much information as possible about how we can help.

Asking question.....

Please add any additional information related to this request.  
Characters remaining: 1981

If you have any additional files related to this request, attach them for review. (Optional)

Select file(s)

\*Applicants include Social Security numbers and Employee Identification numbers. File types: .doc, .docx, .xls, .xlsx, .ppt, .ppsx, .pdf, .txt, .csv, with file names of 45 characters or less. Max: 10 MB per file up to 20 MB total. Please don't attach password-protected files.

Next

Use email options to receive updates, then choose 'Next'.

**Nondiscrimination testing (NDT), Form 5500 & audit support**

All fields are required unless otherwise noted.

What's the best number to reach you? (Optional)

If you want, add a number different than your work number.

Outside US

Extension

Which email do you want to use to receive updates about this request?

202@fmr.com

Use a different email

[+ Additional contact information](#)

---

**Next**

Back

Choose 'Submit' to open the Service Request. You will receive a work item number like W12345-28FEB22. This number should be referred to for follow up questions or when checking on the status of requests.

**Nondiscrimination testing (NDT), Form 5500 & audit support**

**Review and submit**

What's the plan number?  
74634 - ABC TEST PLAN

What can we help you with?  
Plan-level audit

What type of audit do you need help with?  
Plan year-end/annual audit

Do you need participant data samples?  
No

Tell us as much information as possible about how we can help.  
Asking question....

Which email do you want to use to receive updates about this request?  
202@fmr.com

---

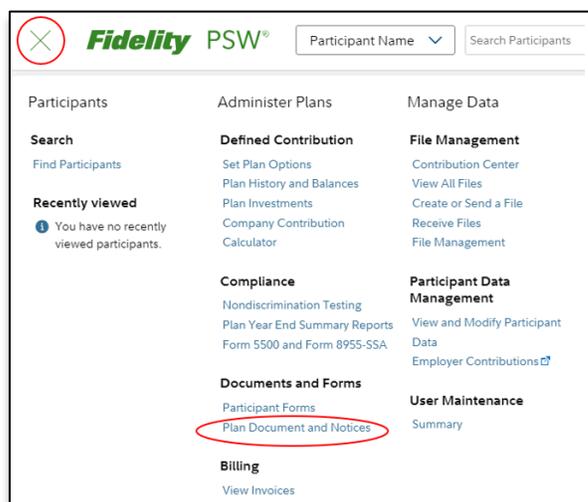
**Submit**

Back

**1.8 Viewing Plan Documents in PSW®**

PSW® allows users to view plan adoption agreements and service agreements. The current versions and amendments to these documents can be found on the 'Administer Plans' tab in the 'Plan Documents' link.

Note: All plans will NOT have access to these documents. Plans in specific segments or not on a Fidelity document may not be able to view the documents. In this case the documents should be requested from the plan sponsor.



## 1.9 PSW® Custom Fund Administration Reporting

[This recorded video provides additional information](#) and instructions on navigating and viewing information now available in PSW® for custom funds.

These capabilities will allow you to view reports pushed to the plan sponsor from Fidelity Management Trust Company. Additional reports and templates that may include custom fund holdings, security transactions, fund performance, and asset allocation can now be requested from PSW®. For any additional questions on the PSW® functionality, contact the custom fund Account Manager.

Access to these PSW® features are usually granted to plan sponsors with a custom fund. Third parties may not have access and will need to work with the plan sponsor to obtain access.

## 1.10 Sample Request Process – Paperwork and Check Copies

The [Sample Request Form](#) is submitted to Fidelity’s Audit Support Team to obtain check copies or paperwork for different transaction types. The Sample Request Form is submitted via a [PSW® Audit Support Service Request](#). The Sample Request Form can be found in the General Audit Documents tab on the Plan Year End Summary Reports page of PSW®.

The Sample Request Form includes instructions on how to determine what paperwork and checks are available.

The preferred report to use when completing the Sample Request Form is the R25 Check Register Report.

### Check Copies

- Physical checks will only have a payment type or method of ‘Check – Deutsche’, ‘Check – Wells Fargo’, ‘Check – JP Morgan Chase’, ‘Check – Citibank’.
- All Check Copy requests should be entered on the Check Copy tab; all fields should be completed. An error message will indicate if any information is missing.
- Only cleared physical checks will have a copy available.

- Roll-In checks are included with the Rollover Paperwork documentation. These should be requested on the Paperwork tab.

## Paperwork

- All paperwork requests should be entered on the Paperwork Tab; all fields should be completed. An error message will indicate if any information is missing.
- Paperwork will be provided for the following categories: Hardship Withdrawal (If e-Certified hardships only a report will be provided), Loan, QDRO/Alternate Participant (provide the Participant's name and SSN as well as the Alternate Recipient's name and SSN), Rollover In , Rollover Out and Withdrawal.

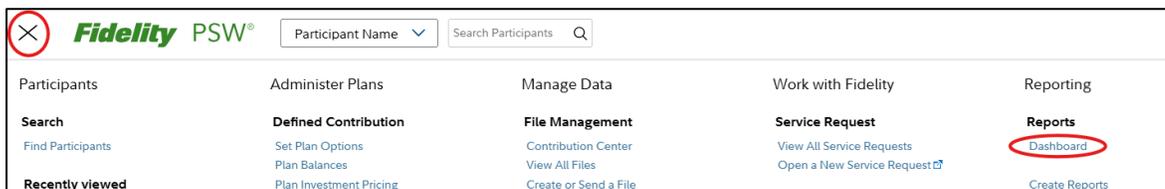
See [Section 2](#) for more info regarding the transaction types to determine if paperwork is available from Fidelity.

### What happens after the Service Request Form is submitted?

1. Fidelity will gather the information requested.
2. You will receive a Service Request notification via e-mail when the requested items are available to view.
3. The items requested will be posted to PSW®. Fidelity will provide a copy of the original sampling request form titled **Sample Selection Response** with the requested items. For each request that does not return a check or paperwork, a detailed response will be provided explaining why.

## 1.11 Enhanced PSW® Annual Audit Reporting

**NOTICE:** The 'Run Reports' page in PSW® will be decommissioned in 2025. You will still be able to access all the same reports and more features in PSW® under Reporting > Dashboard.



A set of audit report templates have been loaded to the enhanced PSW® reporting page. These reports were chosen as they are frequently requested reports related to a plan's audit that were not readily available for clients and auditors.

The templates are designed to reconcile to the certified Plan Year End Summary (PYES) reporting provided to all plans requiring an audit relative to their Form 5500 filing. If the reports do not match it may be due to as of processing done for the plan year being audited that was processed after the PYES was generated or specialty fund reporting.

Useful Audit Related PSW® Reports:

- **Audit Contribution Summary** - Displays participant level contribution data by date and source for the specified time period.
- **Audit Plan Level Activity Report** - Displays all activity on a plan level including source, fund, cash, shares, and cost.
- **Audit R25 Check Register** - The R25 Check Register provides detailed information regarding distributions from the plan, including the information reported on the Form 1099-R.
- **Audit Wire Recon Report** - Displays plan level contribution and loan repayment (principal and interest) by date, transaction batch number, and fiscal year. The report will include total by batch number, and detail for each source.
- **Balance Info Summary Extract Report (BISE)** – (Plan, Participant, Fund, or by Source) – Can be requested for various and subsequent periods of time.
- **Detailed Contribution and Adjustment History** - This report will show what contribution and loan repayments were received by Fidelity on each batch file submitted. It can assist you in auditing or validating amounts received, updated, and adjusted.
- **NEW – Deferrals Report** – Provides participant level deferral information. This report provides the option to pull current deferral information, deferral changes, and historical deferral information. This customizable report combines the functions of the Current Deferral Rates, Audit Deferral Change History, & Audit Deferral Elections reports into one place. See the Guide to Audit Support Templates for detail on how to generate a report.
- **Loan Wire Reconciliation Report** - This report includes all loan repayments including those made outside the normal payroll deduction method. The report includes any loan repayments made by the participant in the form of a check or wire. Loan repayments are broken out based on payroll and non-payroll repayments at the bottom of the report.

For a full list of report descriptions and instructions on how to generate the reports from the PSW® Reporting page, please see the [Guide to Annual Audit Support Templates](#).

## 1.12 Nondiscrimination Testing (NDT) Page in PSW®

Beginning with plan years ending with 12/31/2017, plan sponsors began using a new NDT platform in PSW®. Auditors with access to the NDT page in PSW® are able to view the following:

- Results Summary Letter
- Detailed Test Results
- Participant data used to complete NDT
- Review of Plan Details
- View Answers to Questionnaire

NOTE: Auditors must be granted access to the NDT pages by the plan sponsor. *(See section 1.6 on third party access.)*

To access the NDT pages in PSW® go to 'Administer Plans', choose 'Nondiscrimination Testing (NDT)' under Compliance. Choose the 'Completed' tab and choose 'Open' for the plan year-end you would like to review.

To Review the NDT results summary letter, click on the 'View Summary Letter' box:

TESTS PERFORMED

This is a high-level summary of each test performed for NDT and the results for each test. To view a detailed report of each test, select the button to the right. You can select each test individually to learn more.

[View Summary Letter](#)

Under 'Testing Data Summary', click on the link to the type of reporting or information you would like to review:

TESTING DATA SUMMARY

[View Detailed Test Results](#) | 
 [Download Participant Data](#) | 
 [View Plan Details](#) | 
 [View Answers to Questionnaire](#)

### 1.13 Fidelity Collective Investment Trust Reporting Available on PSW®

Annual reports, holdings reports, 5500 certifications and SOP 94-4-1 reports for Fidelity (FMTC and FIAM) collective investment trusts can be found in the General Audit Documents tab.

Plan Financials | Requested Reports | **General Audit Documents**

Use General Audit Documents to assist with your year end activities, including your annual audit.

The **Auditor's Guide** is your primary resource for navigating the year end reporting process, and provides:

- Descriptions of reports and how they reconcile
- Information on new regulations and reporting concerns
- Instructions on receiving help from Fidelity

Select [General Audit Documents](#) to access all documents and their definitions.

- [Audit Support/PYES Support Info Card - Overview and resource card for PYES & Audit Support](#)
- [Guide to Audit Support PSW Report Templates - How you have the ability to generate PSW reports](#)
- [Auditor's Guide - FAQs and best practices auditing Fidelity plans](#)
- [Sampling Request Form - Form required to request check copies and paperwork](#)
- [PSW Auditor Access Form - Form required to authorize auditor access to PSW](#)

**SOC 1 Reports**

- [FWS DC Recordkeeping SOC 1](#)
- [FWS DC Recordkeeping SOC 1 - Q4 Bridge Letter](#)
- [FTG \(Systems\) SOC 1](#)
- [FTG \(Systems\) SOC 1 - Q4 Bridge Letter](#)

[Fidelity Collective Investment Trusts \(CITs\) Annual Reports - Annual Reports, 5500 Certifications, and other resources for Fidelity CITs](#)

### 1.14 Auditing CARES Act Transactions

In March 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act ("CARES Act") was signed into law. The CARES Act included provisions that directed payments to individuals, expanded unemployment insurance, provided loans to small and large businesses, and offered support for state and local governments. **If you are auditing a plan year for which CARES Act transactions were applicable, please request the Auditor's Guide for the plan year under audit via a PSW® service request.**

### 1.15 GASB Statement No. 84

Governmental Accounting Standards Board (GASB) issued Statement No. 84 Fiduciary Activities in January of 2017. The purpose of GASB 84 was to eliminate the ambiguity around activity to be included in the

Governmental entity's financial statements. The effective date for financial reporting impacts periods beginning after December 15, 2019.

Under various situations DC plan reporting would be reported in the notes of the Governmental entities' financial statements. This may include 401(a), 403(b) and 457 plans. Impacted governmental agencies could include K-12 schools, higher education institutions, state and local governments, libraries, and similar entities. Whether or not the entity meets the criteria to report the activity must be analyzed by the client as well as their auditor.

Once the governmental agency determines they have Fiduciary activity with required reporting, a Service Request can be opened in Plan Sponsor Webstation® (PSW®). Since the reporting is on based on an entity's fiscal year and not the plan year, the PSW® Service Request should include the fiscal years that reporting is needed for, along with a note that the reporting 'is needed for GASB 84 reporting'.

## **1.16 Audit Standard for Employee Benefit Plans/SAS 136 and ERISA Section 103(a)(3)(C) Audit**

### **Background and Purpose**

In 2019, the Statement on Auditing Standards (SAS) No. 136, *Forming an Opinion and Reporting on Financial Statements of Employee Benefit Plans Subject to ERISA*, was issued by the American Institute of Certified Public Accountants (AICPA) Auditing Standards Board. The auditing standards were updated to provide readers with a better understanding of the scope of the audit, make clear the responsibilities of the plan sponsor and the auditor, and improve the overall quality of plan audits. The updated standard is effective for audits of financial statements for periods ending on or after December 15, 2021.

### **ERISA Section 103(a)(3)(C) Audit**

ERISA section 103(a)(3)(C) requires employee benefit plans with 100 or more participants at the beginning of the plan year to be audited by an independent qualified public accountant. ERISA section 103(a)(3)(C) allows the plan sponsor to instruct the auditor not to perform any auditing procedures on the investment information prepared and certified by a bank or similar institution or by an insurance carrier. These institutions are required to be regulated, supervised, and subject to periodic examination by a state or federal agency, that acts as trustee or custodian.

These types of audits that limited the procedure on investments have been referred to as a "limited scope audit". Once the auditor adopts and implements the standards under SAS 136, these audits will be referred to as be referred to as ERISA §103(a)(3)(C) audits. The auditor will still exclude investment information that is held and certified by a qualified institution, but rather than disclaiming an opinion on the entire audit, the Opinion section will include two parts: The first will address the amounts and disclosures that are not covered by certification, and will confirm that the plan financial statements have been prepared in accordance with the applicable financial reporting framework. The second part will establish whether investment information related to the certification agrees with information provided by a qualified institution.

### **Plan Sponsor Responsibilities under SAS 136**

- Plan sponsors who elect to have an 'ERISA Section 103(a)(3)(C)' audit will need to evaluate whether the entity issuing the certification is a qualified institution.
- Plan sponsors will be responsible for ensuring the certification meets ERISA requirements and understand as to which investments are certified.
- Plan sponsors will need to acknowledge to whether all the conditions are met.
- Plan sponsor will need to provide the auditor a draft of the Form 5500 that is substantially complete prior to the date on the auditor's report.

## **Ensuring the Certification meets ERISA requirements and Understanding which Investments are Certified**

DOL regulations in section 29 CFR 2520.103-5 defines the types of qualifying institutions that can provide certification; what information needs to be certified; and the required wording to be included in the certification.

- Qualifying institution:
  - An insurance carrier or other organization which: Provides from its general asset account funds for the payment of benefits under a plan, or holds assets of a plan in a separate account
  - A bank, trust company, or similar institution which holds assets of a plan in a common or collective trust, separate trust, or custodial account
  - A plan sponsor as defined in section 3(16)(B) of ERISA
- Required wording will include the name of the certifying institution, that the information being certified is complete and accurate, that the certification is pursuant to 29 CFR 2520.103-5, and signed by a person authorized by the qualifying institution.

### **Fidelity Management Trust Company (FMTC) Certification Letter**

If FMTC served as the trustee of a qualified retirement plan, or the custodian for a 403(b) plan, and the plan assets were recordkept by Fidelity Workplace Services, FMTC will issue a Trustee or Custodian Certification Statement.

Common questions related to the FMTC certification:

#### **Is the investment information prepared and certified by a qualified institution?**

Fidelity Management Trust Company is a Massachusetts-chartered trust company regulated, supervised and subject to periodic examinations by a state agency. The following link can be used to verify Fidelity Management Trust Company's registration with the state of Massachusetts:

<https://services.oca.state.ma.us/LicenseeLookup/in-choose.asp>

#### **Is the certification signed by an authorized representative?**

As indicated on the certification, it is signed by an authorized signer on behalf of FMTC.

#### **Did the qualified institution certify both the accuracy and completeness of investment information?**

The FMTC certification statement verifies both the accuracy and completeness of the contents of the Plan Year End Summary Reports (PYES) for the period FMTC was trustee (or custodian for 403(b) plans). The certified reports in the PYES provided by Fidelity include the Summary of Net Trust Assets/Summary of Net Assets for 403(b) plans, the Summary of Plan Operations, the 5500 Worksheet, the Brokeragelink Asset Detail Report, and the Year-End Trial Balance.

**Does the certification or the related reporting package include language that qualifies or calls into question whether the investment information (or certain investment information) is accurate and complete?**

Other Fidelity companies, as agents for FMTC, fulfill various responsibilities on behalf of FMTC and maintain the official books and records. FMTC may or may not be the custodian of the assets for a type of plan investment option depending on the investment and arrangement. See the illustration in Section 6.1.28 of the Fidelity Auditor's Guide that summarizes the type of plan investment options that are held by FMTC and its affiliates and whether FMTC is the custodian of the assets. - Fidelity Auditor's Guide

**Are participant loans certified under the FMTC Certification Letter?**

Yes, participant loans reported on the Trial Balance, Summary of Plan Operations, Summary of Net Trust Assets and 5500 Worksheet are covered by the certification.

**Does the FMTC Certification Letter certify to the completeness and accuracy of the investment information for the Self-Directed Brokerage (Brokeragelink) accounts?**

Yes, the FMTC certification letter does certify the self-directed brokerage accounts. National Financial Services LLC (NFS) is a subsidiary of FMR LLC. NFS fulfill various responsibilities on behalf of FMTC and maintains recordkeeping records for self-directed brokerage accounts. NFS also provides trade execution, clearing, settlement, and custody operations.

**Change to the Accountant's Opinion on the Form 5500/Schedule H**

The Limited Scope 'yes/no' question on Schedule H, Line 3b has been replaced with check boxes to indicate whether the ERISA section 103(a)(3)(C) audit supporting the Accountant's Opinion was performed pursuant to:

- 29 CFR 2520.103-8 or
- 29 CFR 2520.103-12(d),
- Or not performed pursuant to either of those sections.

**Fund Overviews on PSW®**

Additional information such as fund type, objective, strategy, risk, and additional disclosure information is available on PSW®.

In PSW®, go to 'Administer Plans', choose 'Plan Investments' and 'Plan Performance'. There each investment is listed. Click on each fund name to view fund information.

**1.17 NEW - SECURE 2.0 Provisions**

On December 29, 2022, President Biden signed into law the Consolidated Appropriations Act of 2023, which includes the package of retirement provisions referred to as SECURE 2.0. The Act includes a provision that increases the required minimum distribution age from 72 to 73, effective January 1, 2023. Additional resources and guides that highlight new provisions in the Act is available on PSW®: [The SECURE 2.0 ACT of 2022](#). *You must be logged into PSW for this link to work. The guide is updated periodically and is not intended to constitute legal or tax advice.*

The reports below may help in identifying events related to SECURE 2.0 provisions:

- Audit Auto Enrollment Report (Enhanced PSW® Reporting)
- Audit Summary Rules (Enhanced PSW® Reporting)
- Audit Withdrawals by Type (Enhanced PSW® Reporting)
- Contributions Report (Enhanced PSW® Reporting)

## 2.0 RESOURCES

### 2.1 Standard Reports – Plan Year End Summary

Generally, defined contribution plans subject to Title I of ERISA are required to file Form 5500 to report plan and financial information to the Federal Government. The Plan Year End Summary (PYES) provides the information about the plan assets Fidelity recordkept during the plan year and has been designed to assist with the preparation of the Form 5500 and related schedules. These standard reports, referred to as the PYES Reports package, will be in the ‘Administer Plans’ > ‘Plan Year End Summary Reports’ section of PSW® and includes the following:

- Summary of Net Trust Assets/Summary of Net Assets for 403(b) plans \*
- Summary of Plan Operations\*
- 5500 Worksheet\*
- Default Loan Details Report
- Year End Trial Balance\*
- Summary of 5% Reportable Transactions\*
- Representation Letter
- Trustee Certification Statement, or Custodian Certification Statement (for 403(b) Plans)
- Form 8955-SSA Report
- SOC 1 Report (See [Section 3.](#))
- Supplemental Schedule C Report
- Brokeragelink Asset Detail Report (SDB)\*
- NAV Share Recon Report (*available at the fund level for plans with managed accounts on the InvestOne system*)

\*These reports are covered under the Certification Statement, for qualified retirement plans that FMTC is a trustee or the custodian (403(b) plans).

2.1.1	<b>Summary of Net Trust Assets/Net Assets for 403(b) plans</b>	This report details the year-end share balance, historical cost, price and total market value for each investment option in the plan. <i>This report can be used as a guide for the plan sponsor or auditor in completing the required Form 5500 Schedule H attachment – Schedule of Assets Held for Investments.</i>
2.1.2	<b>Summary of Plan Operations (SOPO)</b>	This report is an income statement reflecting the financial activity of the plan for the plan year. The annual financial activity for each investment option is reported in dollars and shares/units for the period the assets were recordkept by Fidelity. The SOPO includes a plan totals report as well as reports for each investment option. Due to possible deemed distributions, this report generally should not be used as a guide in the completion of the income and expense section on the Form 5500. The 5500 Worksheet is used as the basis to complete the income and expense sections of the Form 5500. (See <a href="#">Section 5.</a> )

2.1.3	5500 Worksheet	This worksheet includes the plan-level balance sheet and income statement activity for the period during the plan year the assets were recordkept by Fidelity. The 5500 Worksheet contains cross-references to the applicable asset and liability lines and the income and expense lines of Form 5500 Schedule H (Large Plan) or Form 5500 Schedule I (Small Plan). Information related to cross-references between the Plan Year End Reports can be found in <a href="#">Section 4 – Plan Year End Report Mapping</a> .
2.1.4	Default Loan Details Report	This report includes a list of participant loans defaulted during the plan year. Depending on the individual participant’s status as well as their eligibility for distribution, the loan defaults could be considered actual, deemed or a combination of both. See <a href="#">Section 5.2</a> for more info on this report.
2.1.5	Year End Trial Balance	<p>The Year End Trial Balance, like the SOPO, is an income statement reflecting the financial activity of the plan for the plan year. The annual financial activity for each investment option is reported in dollars and shares/units for the period the assets were recordkept by Fidelity. The Year End Trial Balance includes a plan totals report as well as reports for each investment option. Due to possible deemed distributions, this report generally should not be used as a guide in the completion of the income and expense section on the Form 5500. The Trial Balance reports the same year-end loan balance as the SOPO, which includes the balance of all participant loans, whether deemed or not.</p> <p>Note: The realized gains/losses in the Trial Balance and SOPO differ because the two reports use different cost accounting methods to calculate the realized gains/losses. The Trial Balance calculates gains/losses using historical cost, whereas the SOPO calculates gains/losses using revalued cost. The sum total of the realized gains/losses plus the unrealized gains/losses from both reports will equal.</p> <p>The Trial balance does not include an actual amount for the unrealized gain/losses. See Section 6.1.27 for an example of reconciling the Trial Balance gain/loss to the SOPO gain/loss.</p>
2.1.6	Summary of 5% Reportable Transactions	<p>The Summary of 5% Reportable Transactions identifies the activity for the plan that may need to be included on Form 5500 for the plan year. Only plans <b>with employer directed accounts</b> filing Form 5500 Schedule H need to report 5% reportable transactions. The Summary of 5% Reportable Transactions includes the beginning of the year assets, receipts, disbursements and end of year assets for each fund. The package contains Type I and Type III reports only.</p> <ul style="list-style-type: none"> <li>• Type I – A transaction within the plan year with respect to any plan assets involving an amount in excess of 5% of the current value of the plan assets</li> <li>• Type III – A transaction within the plan year involving securities of the same issue, if within the plan year any series of transactions with respect to such securities, when aggregated, involves an amount in excess of 5% of the current value of plan assets</li> </ul> <p>Participant or beneficiary-directed transactions under an individual account plan are NOT taken into account for purposes of identifying reportable transactions. However, <b>transactions in employer directed accounts are treated as non-participant directed transactions and will be reported on Summary of 5% Reportable Transactions included with the Plan Year End Package.</b></p> <p>Note: The 5% Reportable Transactions Schedule included with the PYES does not include plan assets invested in self-directed brokerage accounts as these accounts are participant directed. Corporate actions and plan level fund exchanges may not be included on the 5% Reportable Transaction report unless the transactions had occurred in employer directed sources.</p>
2.1.7	Representation Letter	<p>If Fidelity Management Trust Company (FMTTC) served as the trustee or custodian of the plan and the plan assets were recordkept by Fidelity Workplace Services (FWS), Fidelity will issue a Representation Letter. This letter confirms, to the best of our knowledge, transactions recordkept by Fidelity during the year have been reported accurately to reflect the account activity. This letter will include any investments, loans (other than participant loans), or leases in default and/or considered uncollectible.</p> <p>Liens and pledges are almost nonexistent. Although it is very rare, it may be possible to have a unitized stock fund with a line of credit. To confirm the existence of these arrangements the annual reporting for custom separate accounts or synthetic investments should be reviewed.</p> <p>For plans that do not have custom funds these arrangements are nonexistent. Self-directed brokerage accounts cannot have margin.</p>

2.1.8	<b>Trustee/Custodian Certification Statement, or Custodial Certification Statement for 403(b) Plans</b>	<p>If FMTC served as the trustee of a qualified retirement plan, or the custodian for the 403(b) plan, and the plan assets were recordkept by FWS, Fidelity will issue a Trustee or Custodian Certification Statement. This statement verifies the accuracy and completeness of the contents of the Plan Year End Summary Reports (PYES) for the period FMTC was trustee (or custodian for 403(b) plans). The certified reports in the PYES Package include the Summary of Net Trust Assets/Summary of Net Assets for 403(b) plans, the SOPO, the 5500 Worksheet, the Brokerage Link Asset Detail Report and the Year End Trial Balance.</p> <p>FMTC is a Massachusetts-chartered trust company regulated, supervised and subject to periodic examinations by a state agency. The following link can be used to verify Fidelity Management Trust Company's registration with the state of Massachusetts:  <a href="https://services.oca.state.ma.us/LicenseLookup/in-choose.asp">https://services.oca.state.ma.us/LicenseLookup/in-choose.asp</a></p>
2.1.9	<b>Form 8955-SSA Report</b> <i>(provided as a spreadsheet to aid in the filing of the Form 8955-SSA with the IRS)</i>	<p>This report is needed to prepare the IRS Form 8955-SSA. It identifies the participants with termination dates in the prior plan year and vested balances as of the termination date. A participant will only be listed on this report if the plan sponsor has timely supplied Fidelity with a termination date prior to the Plan Year End Summary being completed.</p> <p>The report will code terminated participants with account balances as an 'A' to represent the participant has not been previously reported on the Form 8955-SSA.</p> <p>EXAMPLE: Any participant who terminated in 2017 and has an account balance at the 2018 year end, will be included on the December 31, 2018 8955-SSA report as an 'A'.</p> <p>Generally, the account balance reported on the 8955-SSA report is the vested value as of the participant's termination date. If the value as of the termination date is not available, the value of the participant's account at the end of the reporting period will be reported. Reporting the account balance at the end of the year is more common for plans that have transitioned or merged to Fidelity during the reporting period.</p> <p>Participants who were previously reported as an 'A' on the report and received a complete distribution of their account in a subsequent plan year will be coded as a 'D' for that reporting year to disclose they are no longer entitled to future benefits from the plan. An exception applies to former 403(b) plan participants.</p> <p>EXAMPLE: A participant terminated in 2009. Their account balance at termination was reported on the Form 8955-SSA Report for the plan year ending December 31, 2010. In 2018, the participant received a lump sum distribution of his vested account balance. This participant will be coded as a 'D' on the December 31, 2018 Form 8955-SSA Report.</p>
2.1.10	<b>Schedule C Supplemental Report</b>	<p>This report includes data related to compensation paid to persons/entities that provide services either directly or indirectly to the plan and are subject to Schedule C reporting. See <a href="#">Section 8.1.1</a> for more information related to this report.</p>
2.1.11	<b>BrokerageLink Asset Detail Report</b> <i>(Self-Directed Brokerage – SDB)</i>	<p>This report includes the Summary of Plan Operation for the Self Directed Brokerage (SDB) accounts assets by category. Also included is the SDB Summary of Net Trusts Assets that details the underlying assets and reports the year-end share balance, historical cost, price and total market value for each SDB investment. The 'SDB 5500 Worksheet' includes the SDB balance sheet and the SDB income statement activity for the period during the plan year that the SDB assets were recordkept by Fidelity.</p> <p>An individual brokerage account is established and maintained by Fidelity Brokerage Services, Inc. on the Fidelity Brokerage System (FBSI) for each participant who invests money in a 'Brokerage Link' account. FBSI is a Fidelity company and holds contracts with Fidelity Management Trust Company.</p>
2.1.12	<b>NAV Share Recon Report</b>	<p>This report compares the FPRS (Trial Balance) shares and cash, to the Invest One (FD890) shares and cash. The Share Variance should be less than 1 share. This report is prepared at the fund level. For plans that share a managed fund on InvestOne, only one report will be available at the fund level.</p>

## 2.2 Defined Contribution Plan – Core Audit Program Reports

Fidelity offers additional reports to assist auditors in the performance of the employee benefit plan audit. The adhoc reports referenced below can be self-generated in PSW® or requested via a PSW® Service Request. The turnaround time for Service Requests is typically less than seven to ten business days. These reports may not be available until plan year end processing is completed.

Plan Year End Summary Package	Classification	Description
Summary of Net Trust Assets	Asset	The Summary of Net Trust Assets (SONTA) reports the year-end share balance, historical cost, price and total market value for each investment option in the plan.
Summary of Plan Operations (SOPO)	Income/Expense	The Summary of Plan Operations (SOPO) is an income and expense statement reflecting the financial activity of the plan for the plan year the assets were recordkept by Fidelity.
Form 5500 worksheet	Asset/Liability Income/Expense	The 5500 Worksheet includes plan-level asset and liability statement as well as the income and expense activity for the period during the plan year the assets were recordkept by Fidelity.
Annual Trial Balance	Asset Income/Expense	The Year End Trial Balance includes plan-level asset statement and an income and expense statement reflecting the financial activity of the plan for the plan year.
Summary of 5% Reportable Transactions	N/A	The Summary of 5% Reportable Transactions identifies the activity for the plan that may need to be included on Form 5500 Schedule H for the plan year.

Audit Area	Reports Available in the 'Plan Financials' tab of the 'Plan Year End Summary Reports' page on PSW®	Adhoc Reports (See Enhanced PSW® Reporting in Sec 1.11 or request via PSW® Service Request)
Participant Contributions	<ul style="list-style-type: none"> <li>Balance Info Summary Extract (BISE)</li> <li>Contribution Plan Level Report</li> </ul>	<ul style="list-style-type: none"> <li>Audit Wire Recon Report (Enhanced PSW® Reporting)</li> <li>Audit Auto Enrollment Report (Enhanced PSW® Reporting)</li> <li>Contributions Report (Enhanced PSW® Reporting)</li> <li>Deferrals Report (Enhanced PSW® Reporting)</li> <li>Detailed Contribution and Adjustment History (Enhanced PSW® Reporting)</li> </ul>
Benefit Payments	<ul style="list-style-type: none"> <li>Balance Info Summary Extract (BISE)</li> <li>Withdrawal Report</li> <li>Default Loan report</li> </ul>	<ul style="list-style-type: none"> <li>Audit Summary Rules Report 'Summ Rules' (Enhanced PSW® Reporting)</li> <li>Check Copies (<a href="#">Sec 1.10</a>)</li> <li>Outstanding Checks Report (Sec 1.11)</li> <li>E-Certified Safe Harbor Hardship Report (Enhanced PSW® Reporting)</li> <li>Audit R25 Check Register (Enhanced PSW® Reporting)</li> </ul>

Audit Area	Reports Available in the 'Plan Financials' tab of the 'Plan Year End Summary Reports' page on PSW®	Adhoc Reports (See Sec 1.11 or request via PSW® Service Request)
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Participant Loans	<ul style="list-style-type: none"> <li>• Balance Info Summary Extract (BISE)</li> <li>• Loans and Withdrawals Report</li> <li>• Annual Loan Balance report</li> <li>• Default Loan report</li> </ul>	<ul style="list-style-type: none"> <li>• Audit Participant Level Activity Report (Enhanced PSW® Reporting) 'Interest on Loan' and 'Loan Repayment' transaction types</li> <li>• Audit Wire Recon Report (Enhanced PSW® Reporting)</li> <li>• Loan Wire Recon (Enhanced PSW® Reporting)</li> <li>• Audit R25 Check Register (Enhanced PSW® Reporting)</li> <li>• Audit Summary Rules (Enhanced PSW® Reporting)</li> <li>• Annual Loan Balance – Excel version (Enhanced PSW® Reporting)</li> </ul>
Fees/Expenses	<ul style="list-style-type: none"> <li>• Balance Info Summary Extract (BISE)</li> <li>• Fee detail report</li> <li>• Schedule C Report</li> </ul>	<ul style="list-style-type: none"> <li>• Indirect compensation detail for SDB funds – PSW® Service Request</li> <li>• Direct compensation (commissions) detail for SDB – PSW® Service Request</li> </ul>
Income Allocation - (appreciation or depreciation (realized, unrealized, interest, dividends) in value of investments, administrative expenses, forfeitures)	<ul style="list-style-type: none"> <li>• Balance Info Summary Extract (BISE)</li> <li>• FWS DC SOC 1</li> </ul>	<ul style="list-style-type: none"> <li>• FTG SOC 1</li> <li>• FFIO SOC1</li> <li>• Quarterly SOC 1 Certification GAP Letters</li> <li>• Audit Plan Level Activity Report (Enhanced PSW® Reporting)</li> <li>• Audit Participant Level Activity Report (Enhanced PSW® Reporting)</li> </ul>
Transfers	<ul style="list-style-type: none"> <li>• Balance Info Summary Extract (BISE)</li> </ul>	<ul style="list-style-type: none"> <li>• Audit Transfer Report (Enhanced PSW® Reporting)</li> </ul>
Rollovers	<ul style="list-style-type: none"> <li>• Balance Info Summary Extract (BISE)</li> </ul>	<ul style="list-style-type: none"> <li>• Audit Rollover Report (Enhanced PSW® Reporting)</li> </ul>
Fund Performance	<ul style="list-style-type: none"> <li>• Balance Info Summary Extract (BISE)</li> </ul>	<ul style="list-style-type: none"> <li>• Fund Performance Report (PSW® Service Request)</li> <li>• Audit Participant Level Activity Report (Enhanced PSW® Reporting)</li> </ul>
Forfeitures	<ul style="list-style-type: none"> <li>• Balance Info Summary Extract (BISE)</li> </ul>	<ul style="list-style-type: none"> <li>• Audit Forfeiture Activity Report (Enhanced PSW® Reporting)</li> <li>• Audit Forfeiture Credit/Debit Report (Enhanced PSW® Reporting)</li> </ul>

See Sec 1.11 for instruction on ordering reports from the PSW® Reporting Page.

**NOT AVAILABLE:** In recent years, the Client Distribution Report (CDR) and the Plan Sponsor TPA reports have been removed from the year end annual supplemental audit reports. Requests for these reports can no longer be fulfilled.

### 2.3 Auditing Participant Contributions

The below reports will help an auditor with the audit objective to verify amounts received by or due to the plan have been determined, recorded and disclosed in the financial statements. The reports listed in this section will also help with the following audit procedures:

- Obtaining a schedule of contributions
- Reconciling contributions received to the plans reports

- Testing the postings from outside contribution reports to the participant records and from participant records to the outside contributions reports

The Plan Year End Reporting Package includes the following reports:

- Balance Info Summary Extract (BISE)
- Contribution Plan Level Report

Adhoc Reports Available upon Request or Ordered PSW® Reporting:

- Audit Auto Enrollment Report (Enhanced PSW® Reporting)
- Auto Increase History Report (PSW® Service Request)
- Audit Wire Recon Report (Enhanced PSW® Reporting)
- Contributions Report (Enhanced PSW® Reporting)
- Deferrals Report (Enhanced PSW® Reporting)
- Detailed Contribution and Adjustment History (Enhanced PSW® Reporting)

NOTE: The Audit Contribution Summary, Audit Deferral Election Report, and Audit Deferral Change History Report templates can no longer be ordered in PSW®. The functions of these reports and various other deferral and contribution reports have been condensed into the Contributions Report & Deferrals Report.

Educational guides on how to order both reports and recreate the old reports are available on PSW®.

<p><b>Balance Info Summary Extract</b></p>	<p>This report provides a participant level summation of all activity plan activity.</p> <p>This report includes the market value of all assets held at the end of the prior plan year period, activity during the plan year and the market value of all assets held at the end of the current plan year period. Many auditors use this report to make participant selections for substantive and compliance testing. This report can be provided at a source and fund level and is often used to assist with income allocation testing. See <a href="#">Section 2.7.2</a> for info on income allocation testing. This report also provides forfeiture account information and rollover contribution detail.</p>
<p><b>Contribution Plan Level Report</b></p>	<p>This report details the transaction history of contributions by source, fund and trade date.</p> <p>This report is typically used to reconcile the contributions recorded in the Fidelity Participant Recordkeeping System to those in the plan’s payroll records. If differences are identified for specific payroll periods, Fidelity can provide participant level reports that coincide with the timeframe in question. Fidelity may not provide a participant level contribution report for the entire plan year period as, in many cases, the amount of data contained within such a report exceeds the capacity of a spreadsheet.</p>
<p><b>Audit Auto Enrollment Report</b> <i>(Enhanced PSW® Reporting)</i></p>	<p>This participant level report details the automatic enrollment dates and provides information on participants who have enrolled or unenrolled in automatic increase.</p>
<p><b>Auto Increase History Report</b> <i>(PSW® Service Request)</i></p>	<p>This participant level report provides the auto increase increment amount and enrollment date.</p>
<p><b>Audit Wire Recon Report</b> <i>(Enhanced PSW® Reporting)</i></p>	<p>Provides plan level contributions and loan repayments by date and source. Report population can be filtered to only include transaction from specific source(s). This report can be used to reconcile to the Plan Year End Summary (PYES) Contribution, Loan Repayment (principal and interest) amounts.</p> <p>The report can be customized after the initial output is displayed to include/exclude batch numbers, transaction code description (helps to identify contribution adjustments &amp; forfeiture account funding), fiscal year, and division.</p>

	<p>Timeliness testing hints: Batch numbers that are blank or 0 or ending in 800 or 900 generally are non-payroll transactions.</p> <p>If applicable, loan overpayments are included on the R25 Check Register report. See Appendix A for detail.</p>
<p><b>NEW - Contributions Report</b> <i>(Enhanced PSW® Reporting)</i></p>	<p>Provides both plan level and participant level contribution data with the ability to customize the report to include multiple data elements such as source, fund, and deferrals. This customizable report combines functions of 12 legacy contribution reports from PSW® including the Audit Contribution Summary, Division/Region Level Contributions, and Participant Contributions reports.</p> <p>This report can be used to supplement the Contribution Plan Level Report after differences have been identified between the plan level report and the payroll records. Ordering the report at the participant level with source detail, will assist auditors in determining which participants' accounts are affected by the difference.</p> <p>An educational guide for running this report and a reference guide on how to recreate the old contribution reports can be found in PSW®.</p>
<p><b>NEW - Deferrals Report</b> <i>(Enhanced PSW® Reporting)</i></p>	<p>Provides participant level deferral information; this report provides the option to pull current deferral information, deferral changes, and historical deferral information. This customizable report combines the functions of the Current Deferral Rates, Audit Deferral Change History, &amp; Audit Deferral Elections reports into one place.</p> <p>Deferral change results will include all deferral changes for the previous two calendar years unless a different date range is selected. If no date range is selected, it will report all deferral changes for the last 2 years or the last 5 changes beyond two years dating back to approximately 2008.</p> <p>Important Note: This report only includes deferral changes initiated by the participant and does not include deferral suspensions due to hardship withdrawals.</p> <p>An educational guide for running this report and a reference guide on how to recreate the old deferral reports can be found in PSW®.</p>
<p><b>Detailed Contribution and Adjustment History</b> <i>(Enhanced PSW® Reporting)</i></p>	<p>This report will show what contribution and loan repayments were received by Fidelity on each batch file submitted. It can assist you in auditing or validating amounts received, updated and adjusted.</p>

### 2.3.1 Rollovers-In – Selections

During the performance of the plan audit, certain types of transactions are tested utilizing supporting documentation from Fidelity. The [Sample Request Form](#) can be submitted to obtain supporting documentation for rollovers into the plan.

#### Rollovers into the Plan – Documentation (Paperwork)

When testing rollovers into the plan, it is sometimes necessary to obtain copies of the 'Rollover Request Form' and a copy of the check from the prior recordkeeper. When requesting these documents, complete the 'Paperwork' tab of the [Sample Request Form](#).

In order to identify the correct Paperwork Type (column H), refer to the Audit Rollover Report which can be requested from Enhanced PSW® Reporting (see Appendix C).

SSN	Participant Name (Full Name)	Beneficiary or Alternate Recipient Name	Beneficiary or Alternate Payee SSN	Date	Cash (Net Check Amount)	Summ Rule/ Transaction Code	Paperwork Type
Enter SSN here	Bob Xxxxx	N/A	N/A	11/22/2012	\$ 685.00	Contribution	Rollover IN

To ensure the 'Rollovers into the Plan' request is fulfilled in a timely and accurate manner, be sure all information requested on the Sample Request Form has been provided. See [Section 1.7](#) for information on submitting a PSW® Audit Support Service Request to Fidelity.

### **Rollovers into the Plan – Documentation (Electronic Rollovers)**

The Plan to Plan Rollover service allows participants to move monies from one qualified plan to another qualified plan recordkept at Fidelity with no paperwork or check copy as long as both plan's provisions do not require sponsor approval or spousal consent. Reference the provided Rollover Report showing evidence the monies were posted to the participant's account in the rollover source for this plan.

The Mobile Rollover service allows participants to roll over monies using the NetBenefits mobile app. Participants are prompted to answer a series of questions and agree the money is eligible for rollover into the plan. Reference the provided Rollover Report showing evidence the monies were posted to the participant's account in the rollover source for this plan. The rollover check image can also be obtained via the Sample Request Form.

Please review the plan documents to confirm whether your plan utilizes these services.

## **2.4 Auditing Benefit Payments**

The reports listed below will help the auditor with the following audit objectives for benefit payments:

- Payments are in accordance with plan provisions and related documents
- Payments are made to or on behalf of persons entitled to them
- Transactions are recorded in the proper account, amount, and period

The reports listed in this section will also help with the following audit procedures:

- Recomputing benefits based on the plan related documents
- Recomputing forfeited participant balances
- Testing receipt of the benefit payments i.e. check copies
- Comparing disbursements to participant records

The Plan Year End Summary Reporting Package includes the following reports:

- Balance Info Summary Extract (BISE)
- Withdrawals Report

Adhoc Reports Available upon Request or Ordered PSW® Reporting:

- Audit Summary Rules Report (Enhanced PSW® Reporting)
- Audit Return of Excess Contributions (Enhanced PSW® Reporting)
- Audit Withdrawals by Type (Enhanced PSW® Reporting)
- [Appendix A](#) of this Auditor's Guide
- Audit R25 Check Register (Enhanced PSW® Reporting)
- Sample Request Form (General Audit Documents tab)

<p><b>Withdrawals Report</b></p>	<p>This report details participant level transactions associated with benefit payments reported in the Total Fund Activity column of the SOPO Report.</p> <p>The CASH column of the Withdrawals Report will reconcile to the amount reported on the Summary of Plan Operations. The SUMM RULE column indicates the type of withdrawal.</p> <p>The SUMM RULE column may be blank for processing related to a stopped or re-issued check or for plan-to-plan movement within Fidelity.</p> <p>See the R25 Check Register Report described in <a href="#">Appendix A</a> which contains IRS codes and other information which can be used in conjunction with the Withdrawals Report to determine the withdrawal type.</p>
<p><b>Balance Info Summary Extract</b></p>	<p>This report provides a participant level summary of all plan activity. It includes the market value of all assets held at the end of the prior plan year period, activity during the plan year and the market value of all assets held at the end of the current plan year period.</p> <p>Many auditors use this report to make participant selections for substantive and compliance testing. This report can be provided at a source and fund level and is often used to assist with income allocation testing. This report also provides forfeiture account information and rollover contribution detail.</p>
<p><b>R25 Check Register</b> <i>(Enhanced PSW® Report)</i></p>	<p>The R25 is meant to provide additional information regarding check and EFT withdrawals from the plan. It will report any checks, tax record updates and EFTs during the plan year and could include updates to tax records or checks from another time period. In total, it may not reconcile to the other reports detailing total plan withdrawals, as the R25 report only includes those withdrawals updated in Omnipay during the time period selected. It will not include payments from the plan to third party service providers. For more information regarding the R25 Tax Register and effectively using the report, refer to <a href="#">Appendix A</a>.</p> <p><b>NOTE: copies of the Form 1099-R are not available.</b></p>
<p><b>SUMM RULE Report</b> <i>(Enhanced PSW® Report)</i></p>	<p>The R25 Check Register provides information around withdrawal types. (See <a href="#">Appendix A</a>.) In addition, the Withdrawals and Loan Withdrawals reports both contain a column titled "SUMM RULE". Summary rules are plan specific and describe the type of withdrawal or loan withdrawal transaction.</p> <p>See Sec 1.11 for Enhanced PSW® Reporting instructions.</p>
<p><b>Return of Excess Contributions</b> <i>(Enhanced PSW® Report)</i></p>	<p>This report details the corrective distributions paid to participants in the current plan year period, which are driven by excess contributions made during the prior plan year period.</p> <p>See Sec 1.11 for instructions on how to order report from PSW®.</p>
<p><b>Default Loan report</b></p>	<p>This report includes a list of participant loans defaulted during the plan year period. Depending on the individual participant's status as well as their eligibility for distribution, the loan defaults could be considered actual, deemed or a combination of actual and deemed. Refer to <a href="#">Section 5.2</a> for explanations of items included in this report.</p>
<p><b>Audit Withdrawals by Type Report</b></p>	<p>Displays participant distributions and loan withdrawals. The report will include principal residence indicator, loan interest rate, regular payment amount, summary rule descriptions, spousal consent indicator, and preapproved transaction indicator.</p>

### 2.4.1 Check Copy Selections

When testing withdrawals, the audit process may require copies of canceled checks for the plan year being audited. Typically checks are issued for a wide range of distributions including full payouts, in-service withdrawals and hardship withdrawals. The transactions can be pre-approved, sponsor approved or sponsor directed depending on the plan's set up. Transaction descriptions are provided below; including the supporting documentation Fidelity is able to provide for each.

Transaction Type	Description
<b>Sponsor-Directed Transactions</b>	This transaction instructs a participant to return paperwork to Fidelity. Fidelity then reviews the paperwork, determines whether the request is in good order and processes the distribution. Any sponsor-directed transactions should have supporting documentation which Fidelity can provide.
<b>Sponsor-Approved Transactions</b>	This transaction instructs the participant to return paperwork to the plan sponsor. The plan sponsor then approves the transaction via PSW®. The sponsor maintains the documentation for this transaction type (not Fidelity).
<b>Pre-Approved Transactions</b>	In most cases, this transaction does not require spousal consent or employer approval. No paperwork is returned to the plan sponsor or Fidelity. No paperwork documentation is available for this transaction type.

The transaction type associated with a particular transaction can be identified by referencing the Transaction Type on the R-25 Check Register. Also, see the 'SUMM RULE' column of the Withdrawals Report. The 'SUMM RULE' column serves to indicate the type of withdrawal.

Participants requesting distributions from the plan can choose the payment method. The choices include checks, electronic funds transfers (EFT), automated clearing house (ACH) transactions and internal rollovers to Fidelity accounts. The supporting documentation will vary depending on the payment method chosen by the participant. The table below details the available documentation for each payment method.

Payment Type	Description	Check Copy Availability
<i>Advice – Bank Name</i>	Created for most withdrawal transactions except for EFTs. Advice records with 'gross' and 'deducted' amounts are usually for loan defaults. An advice record is not created for manual transactions. The bank the record is created from will also be included.	No
Adjustment (ADJM)	These records are generated for internal money movement to Fidelity IRA or other plans, and for corrections to participant tax records.	No
<i>Check – Bank name</i>	Created systematically or manually and used for all distributions processed via a paper check from Deutsche Bank, Citi, JP Morgan Chase or Wells Fargo.	<b>Yes</b>
<i>EFT – Bank Name</i>	Created for distributions processed via an ACH EFT (direct deposit) from Deutsche Bank, Citi, JP Morgan Chase or Wells Fargo.	No

When requesting copies of canceled checks, complete the 'Check Copies' tab of the [Sample Request Form](#).

### IMPORTANT for Check Copy Requests

The payment type or method column identifies the bank in which the check was originally distributed by. This column has also been added to the Withdrawals Report where all the necessary data is included to complete the Check Copies request form.

Copies of checks can ONLY be provided for transactions with a payment method of 'Check – Deutsche', 'Check – Wells Fargo', 'Check – JP Morgan Chase', or 'Check – Citibank'.

Participant SSN	Participant Name	Cash (Net Check Amount)	Check Number	Payment Type (Payment Method)	Payment Date
Enter SSN here	Jane Xxxxx	\$ 932.78	211111111	Check – Deutsche	12/11/2011

To ensure the Check Copy request is fulfilled in a timely and accurate manner, verify all information on the form has been provided. See [Section 1.7](#) for information on submitting a Service Request to Fidelity. The information needed to complete the check copy form can be found in the R-25 Check Register Report and/or Withdrawals Report which are included on the 'Plan Year End Summary Reports' page.

## 2.4.2 Hardship Withdrawal Documentation

A hardship withdrawal is a distribution from a participant's account deemed necessary to provide support for an immediate and significant financial need where other resources are not reasonably available. In many cases the plan rules may require a participant to justify the hardship by providing documentation of the need or by certifying the hardship meets the plan requirements. *If the plan allows, participants can elect to distribute amounts above the financial obligations specified in their hardship documentation known as grossing up the distribution. The excess funds are meant to be used to cover expected taxes and early withdrawal penalties.*

If the plan audit requires supporting documentation and the hardship transaction is sponsor-directed, Fidelity will provide the documentation upon request. If the hardship withdrawal is sponsor-approved, the plan sponsor would be responsible to maintain and provide this documentation.

To request the documentation related to a sponsor-directed hardship withdrawal transaction, complete the 'Paperwork' tab of the ['Sample Request Form'](#) and submit the request in a Service Request. See [Section 1.7](#) for information on submitting a PSW® 'Audit Support' Service Request to Fidelity.

The information needed to complete the 'Paperwork' tab is located in the Withdrawals Report included on the 'Plan Financials' tab in the Plan Year End Summary Reports page. (See Section 1.5.) Hardship withdrawals are identified on the Withdrawals Report with a Summ Rule beginning with 'HW'.

Participant SSN	Participant Name (Full Name)	Beneficiary/or Alternate Recipient Name	Beneficiary/or Alternate Payee SSN	Date	Cash (Net Check Amount)	Summ Rule/ Transaction Code	Paperwork Type
Enter SSN here	Alice Xxxxx	N/A	N/A	08/17/2012	\$ 10,000.00	HW01	Hardship

**e-Certified Safe Harbor Hardship Report:** If the hardship withdrawal is via the e-Certified Hardship Service, the participant is accountable to maintain and provide this documentation. Fidelity can provide the 'E-Certified Safe Harbor Hardship Report'. This report will provide participant information, the substantiated amount, and the reason for the hardship request. See Sec 1.11 for info on ordering the E-Certified Safe Harbor Hardship Report from the Enhanced PSW® Reporting page.

## 2.4.3 Transfers and Rollovers Out of the Plan

Some plans allow transfers to and from other retirement plans or to individual retirement accounts, known as rollover distributions. It is always important to review the plan document to determine if such activity is made in accordance with plan provisions.

The Plan Year End Summary Reports Package includes the following reports:

- Withdrawals Report
- Balance Info Summary Extract (BISE)

Adhoc Reports Available and other documents:

- Audit Transfer Report (Enhanced PSW® Reporting)
- Audit R-25 Check Register (Enhanced PSW® Reporting)

The transaction type associated with a particular transaction can be identified by referencing the Distribution Code on the R-25 Check Register.

As explained in Auditing Benefit Payments, participants requesting distributions from the plan can choose the payment method. The choices include checks, electronic funds transfers (EFT), automated clearing house (ACH) transactions and internal rollovers to Fidelity accounts. Supporting documentation may be available depending on the payment method chosen by the participant.

**Plan-to-Plan Rollover Service** - This service allows participants to move monies from one qualified plan to another qualified plan recordkept at Fidelity with no paperwork or check copy as long as both plan's provisions do not require sponsor approval or spousal consent. Reference the provided Rollover Report showing support the monies were posted to the participant's account in the rollover source for this plan.

## 2.5 Auditing Participant Loans

The reports listed below help the auditor with the following audit objectives for participant loans to provide the auditor with a reasonable basis for concluding whether the amounts due the plan have been properly valued, recorded and disclosed in the financial statements.

The reports listed in this section will also help with the following audit procedures:

- Testing that interest is properly recorded
- Testing whether loans were made in conformance to the plan document

The Plan Year End Summary Reports Package includes the following reports:

- Balance Info Summary Extract (BISE)
- Loan Withdrawals Report
- Annual Loan Balance Report

Adhoc Reports Available upon Request or Ordered PSW® Reporting (See Section 1.11):

- Audit Participant Level Activity Report (Enhanced PSW® Reporting) – ‘Interest on Loan’ and ‘Loan Repayment’ transaction types
- Audit R25 Check Register (Enhanced PSW® Reporting)
- Sample Request Form (General Audit Documents Tab)
- Audit Withdrawals by Type Report (Enhanced PSW® Reporting)
- Annual Loan Balance – Excel version (Enhanced PSW® Reporting)
- Loan Wire Recon Report (Enhanced PSW® Reporting)

<p><b>Balance Info Summary Extract</b></p>	<p>The Balance Info Summary Extract Report (BISE) provides a participant level summation of all activity occurring within a plan and can be provided at a source and/or fund level. This report includes the market value of all assets held at the end of the prior plan year period, the activity occurring during the plan year, and the market value of all assets held at the end of the current plan year period. This report also provides forfeiture account information and rollover contribution detail. Many auditors use the BISE to make participant selections for substantive and compliance testing and it is often used to assist with income allocation testing.</p>
<p><b>Loan Withdrawals Report</b></p>	<p>This report details participant level transactions associated with loan withdrawals reported in the Total Fund Activity column of the SOPO Report. The CASH column of the Loan Withdrawals Report will reconcile to the amount reported on the SOPO. The SUMM RULE column serves to indicate the type of withdrawal. The summary redeem rules are plan specific and can be requested from Enhanced PSW® Reporting.</p>
<p><b>Annual Loan Balance Report</b></p>	<p>This report provides the outstanding loan balances as of the plan year-end and will balance to the Summary of Total Loan Activity. This report includes Name, SSN, loan ID, loan amount, interest rate, unpaid balance, date of first payment, payment amount and date of last payment.</p>
<p><b>R25 Check Register</b> <i>(Enhanced PSW® Reporting)</i></p>	<p>The R25 is meant to provide additional information around check and EFT withdrawals from the plan. It will report any checks, tax record updates and EFTs during the plan year. It could include updates to tax records or checks from another time period. In total, it may not reconcile to the other reports detailing total plan withdrawals, as the R25 report only includes those withdrawals updated in Omnipay during the time period selected. It will not include payments from the plan to third party service providers.</p> <p>For more information regarding the R25 Tax Register, see <a href="#">Appendix A</a>.</p>
<p><b>Audit Withdrawals by Type Report</b> <i>(Enhanced PSW® Reporting)</i></p>	<p>Displays participant distributions and loan withdrawals. The report will include principal residence indicator, loan interest rate, regular payment amount, summary rule descriptions, spousal consent indicator, and preapproved transaction indicator.</p>

## 2.5.1 Loan Types

<p><b>Participant Level Activity Report - 'Interest on Loan' and 'Loan Repayment' transaction types</b> <i>(Enhanced PSW® Reporting)</i></p>	<p>This report details the loan interest and loan repayments posted to the outstanding loan balances in participant accounts by trade date. This report will include loan repayments, withheld from participants' payroll and remitted to Fidelity via wire, as well as loan repayments made directly by participants outside of the plan's normal remittance. The total amount of loan repayments on the report will balance to the amount reported on the SOPO totals page.</p>
<p><b>Loan Wire Recon Report</b> <i>(Enhanced PSW® Reporting)</i></p>	<p>This report includes all loan repayments including those made outside the normal payroll deduction method. The report includes any loan repayments made by the participant in the form of a check or wire. When reconciling loan repayments back to payroll records, any differences may be captured in the Loan Wire Recon report due to manual payments.</p> <p>The total amount of loan repayments made may not equal the amount reported on the SOPO due to overpayments being included on the Loan Wire Recon Report.</p> <p>Loan repayments are broken out based on payroll and non-payroll repayments at the bottom of the report.</p> <p><u>Non-Payroll</u></p> <ul style="list-style-type: none"> <li>• <b>ACH</b> – Electronic payments made through NetBenefits</li> <li>• <b>SCAN, LPCK, CHCK</b> – manually processed checks received</li> </ul> <p><u>Payroll</u></p> <ul style="list-style-type: none"> <li>• <b>OTHER and BLANK</b>(not commonly used)</li> </ul>

<p><b>Audit Wire Recon Report</b> <i>(Enhanced PSW® Reporting)</i></p>	<p>Provides plan level contributions and loan repayments by date and source. Report population can be filtered to only include transaction from specific source(s). This report can be used to reconcile to the Plan Year End Summary (PYES) Contribution, Loan Repayment (principal and interest) amounts.</p> <p>The report can be customized after the initial output is displayed to include/exclude batch numbers, transaction code description (helps to identify contribution adjustments &amp; forfeiture account funding), fiscal year, and more</p> <p>Timeliness testing hints: Batch numbers that are blank or 0 or ending in 800 or 900 generally are non-payroll transactions.</p> <p>If applicable, loan overpayments are included on the R25 Check Register report. See Appendix A for detail.</p>
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Many plan sponsors allow employees to take loans from their retirement account to be repaid with after-tax funds which become part of the retirement plan account balance. The loan itself is not taxable income or subject to the 10% early distribution penalty if it is consistent with the requirements of section 72(p) of the Internal Revenue Code, IRS Loan Regulation 1.72(p)-1 and plan rules.

The term of a general purpose loan may not exceed 5 years. A loan for a primary residence (home loan) may exceed 5 years. Plan sponsors may charge a ‘reasonable’ rate of interest and participants must make substantially equal payments (with payments made at least every calendar quarter) over the life of the loan. Loan restrictions and requirements vary depending on the loan type, as described below.

Loan Type	Description
<b>General Purpose Loans</b>	Loans taken for a max of 5 years are considered general purpose loans even if used to purchase a primary residence.
<b>Safe Harbor Hardship Loans</b>	Safe harbor hardship loans may be taken for a maximum of 5 years. To qualify for a safe harbor hardship loan, the reason for the loan must be one of the following: <ul style="list-style-type: none"> <li>• Purchase of primary residence</li> <li>• Post-secondary education</li> <li>• Prevent eviction or foreclosure</li> <li>• Unreimbursed medical expenses</li> <li>• Cover funeral expenses (based on plan provisions)</li> <li>• Repair to a primary residence resulting from a casualty loss event (based on plan provisions)</li> </ul>
<b>Home Loans</b>	A plan may allow participants to take a loan for more than 5 years if it is for the purchase of a participant’s primary residence. Generally, the home loan request must be approved by Fidelity or the plan sponsor. Sponsor-approved or sponsor-directed loans initiated through a Fidelity phone representative or NetBenefits generate the appropriate paperwork sent by Fidelity to the participant. The participant will return the paperwork directly to Fidelity or forward it to their benefits office.

Fidelity will provide any available documentation upon request. The loan type and transaction type will determine the documentation that Fidelity has available to support the audit. The transaction types can be pre-approved, sponsor approved, or sponsor directed depending on the plan’s set up. Detailed descriptions of the different transaction types are provided below including the supporting documentation Fidelity can provide.

Transaction Type	Description
<b>Sponsor-Directed Transactions</b>	This transaction instructs the participant to return paperwork to Fidelity. Fidelity then reviews the paperwork, determines whether the request is in good order and processes the distribution. Any sponsor-directed transaction should have supporting documentation which Fidelity can provide.

<b>Sponsor-Approved Transactions</b>	This transaction instructs the participant to return paperwork to the Plan Sponsor. The plan sponsor then approves the transaction via PSW®. The sponsor maintains the documentation for this transaction type (not Fidelity).
<b>Pre-Approved Transactions</b>	In most cases, this transaction does not require spousal consent or employer approval. No paperwork is returned to the plan sponsor or Fidelity. <i>No paperwork documentation is available for this transaction type.</i>

## 2.5.2 Loan Withdrawal Selections

When testing disbursements from a qualified retirement plan, the audit process may require additional documentation for a select population of participants. This documentation may include check copies and loan documentation. The following sections detail the most-frequently requested documentation related to loan withdrawals, as well as the supporting information Fidelity can provide.

### Example of Loan Calculation

Participants are eligible to take a loan for the lesser of:

- \$50,000
- Or when there is an existing outstanding loan, a total amount of outstanding loans cannot exceed the lesser of A or B in the calculation below:

Note - If the Plan requires paperwork to be completed for a loan withdrawal, the vested amount may be based on the quoted vested amount on the day the participant originally inquired with a Fidelity Representative.

Participant Statement one day before Loan Withdrawal			
Beginning Balance	\$37,175.18	Highest loan balance last 12 months	\$23,000.00
Change in Market Value	-\$58.08	Loan balance day before 2nd loan	\$19,935.23
Ending Balance	\$37,117.10	<b>Cannot exceed the lesser of A or B</b>	
Additional Information		A	$50,000 - (23,000 - 19,935.23) = 46,935.23$
Vested Balance	\$37,117.10	B	$(37,117.10 + 19,935.23) * 50\% = 28,526.17$
Outstanding Loan Balance	\$19,935.23	<b>IRS considers outstanding loan balance as vested balance</b>	
Loans are an asset of your account but are not included in your ending balance or Reflected in you asset allocation.		Outstanding Loan Balance	\$19,935.23
		Available for New Loan	\$8,590.94
			\$28,526.17

## 2.5.3 Loan Check Copy Selections

The transaction type associated with a particular transaction can be identified by referencing the Distribution Code on the R-25 Check Register. Also, see Loan Withdrawals Report.

Participants requesting loans from the plan can choose the payment method. The choices include checks, electronic funds transfers (EFT) and automated clearing house (ACH) transactions.

The supporting documentation will vary depending on the payment type chosen by the participant. Listed below are details regarding available documentation for each payment method.

Payment Type	Description	Check Copy Availability
Advice – <i>Bank Name</i>	Created for most withdrawal transactions except for EFTs. Advice records with ‘gross’ and ‘deducted’ amounts are usually for loan defaults. An advice record is not created for manual transactions. The bank the record is created from will also be included.	No
Adjustment (ADJM)	These records are generated for internal money movement to Fidelity IRA or other plans; and for corrections to participant tax records.	No
Check – <i>Bank name</i>	Created systematically or manually and used for all distributions processed via a paper check from Deutsche Bank, JP Morgan Chase, Citibank or Wells Fargo.	Yes
EFT – <i>Bank Name</i>	Created for distributions processed via an ACH EFT (direct deposit) from Deutsche Bank, JP Morgan Chase, Citibank or Wells Fargo.	No

To request copies of canceled checks, complete the ‘Check Copies’ tab of the [‘Sample Request Form’](#). (More info on the form can be found in Section 1.10.)

### Availability of Check Copy Requests

The ‘Payment Type’ column has been added to the Check Copies request form. This column was added to identify the bank in which the check was originally distributed by. This column has also been added to the R-25 Check Register where all the necessary data is included to complete the Check Copies request form.

Copies of checks can ONLY be provided for transactions that have a payment type of ‘Check – Deutsche’, ‘Check – Wells Fargo’, ‘Check – JP Morgan Chase’, or ‘Check – Citibank’.

Participant SSN	Participant Name (Full Name)	Cash (Net Check Amount)	Check Number	Payment Type (Payment Method)	Check Date
Enter SSN here	Jane Xxxxx	\$ 932.78	211111111	Check - Deutsche	12/11/2011

To ensure the ‘Check Copies’ request is fulfilled in a timely and accurate manner, verify all information on the form has been provided. The completed form may be submitted by attaching it to a Service Request by the plan sponsor. See [Section 1](#) for details on submitting a PSW® Audit Support Service Request.

Note: incomplete forms may be returned to request missing information. The information needed to complete the ‘Check Copy Samples’ form can be found in the Loan Withdrawals Report.

### 2.5.4 Requesting Loan Paperwork

When requesting loan documentation, complete the ‘Paperwork’ tab of the [Sample Request Form](#).

The transactions can be pre-approved, sponsor-approved, or sponsor-directed depending on the plan’s setup. Detailed descriptions of the different transaction types are provided below including the supporting documentation Fidelity can provide for each.

See the ‘SUMM RULE’ column of the Loan Withdrawals Report. The ‘SUMM RULE’ column indicates the transaction type of the loan withdrawal. The SUMM Rule for each transaction should be compared to the Plan’s Summ Rule Report to determine the type of transaction and if paperwork may be available.

Transaction Type	Description
<b>Sponsor-Directed Transactions</b>	This transaction instructs the participant to return paperwork to Fidelity. Fidelity reviews the paperwork, determines whether the request is in good order and processes the distribution. Any sponsor-directed transaction should have supporting documentation which Fidelity can provide.
<b>Sponsor-Approved Transactions</b>	This transaction instructs the participant to return paperwork to the Plan Sponsor. The plan sponsor then approves the transaction via PSW. The sponsor maintains the documentation for this transaction type (not Fidelity).
<b>Pre-Approved Transactions</b>	In most cases, this transaction does not require spousal consent or employer approval. No paperwork is returned to the plan sponsor or Fidelity. <b>No paperwork documentation is available for this transaction type.</b>

### Paperwork Tab of Sample Request Form

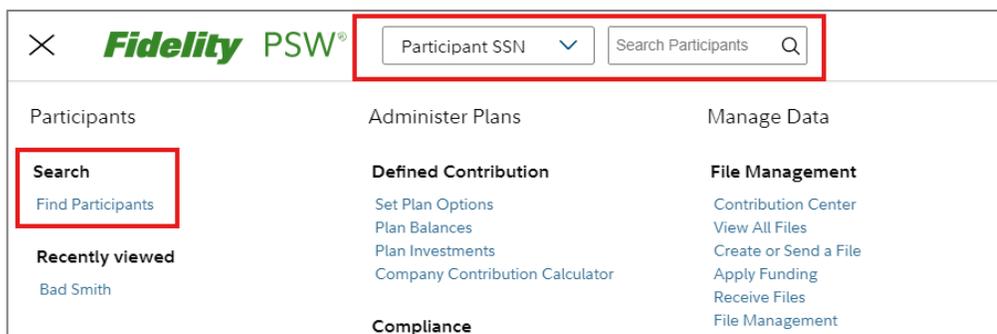
Participant SSN	Participant Name (Full Name)	Beneficiary or Alternate Recipient Name	Beneficiary or Alternate Payee SSN	Date	Amount (Net Check Amount)	Summ Rule/ (Transaction Code)	Paperwork Type
Enter SSN here	Frank Xxxxx	N/A	N/A	02/07/2012	\$ 5,000.00	LN01	LN01

To ensure the ‘Paperwork Samples’ request is fulfilled in a timely and accurate manner, verify all information on the form has been provided. The completed form may be submitted by attaching it to a Service Request. See [Section 1.7](#) for details on submitting a PSW® Audit Support Service Request to Fidelity. Note: incomplete forms may be returned to request missing information.

### 2.5.5 Retrieving Loan Details and Repayment History

Navigate to the ‘Loan Details’ screen by entering the participant’s SSN or name in the ‘Find Participants’ search box.

- If you click the hamburger menu and select ‘Find Participants’, it will take you to the ‘View Participants’ page. Under ‘Go to (Optional)’, choose ‘Loan Details’ and click ‘Search’.
- If you use the search box and are taken directly to the participant’s page, you will find the ‘Loan Details’ option on the left side of their profile.



To view the information related to a specific loan, click on the drop-down arrow labeled ‘Select a loan’.

< Back to Search Results Print

**Name XXXX, SSN xxxxxxxxxx** 6839ARV

Date of Birth 01-01-1970 | Age 44 | Gender Male | Email Not on file | Address 400 PURITAN WAY, MARLBOROUGH, MA, 01752

---

**Beneficiaries**

---

Participant Overview **Loan Details** [Learn more about Loan Details](#)

DEFINED CONTRIBUTION Plan: 74634 - ABC TEST PLAN

---

Employment Information **Highest Loan Balance for last 12 months:** \$4,017.57

Limit Loans to:  All Loans Select a loan: Please Select a Loan ▼

Click on the drop-down arrow to view a specific loan.

**ACCOUNT INFORMATION**

- [Investment & Source Balances](#)
- [Transaction History](#)
- [Online Statement](#)
- [Deductions & Investment Elections](#)
- [Company Match](#)

**WITHDRAWALS & LOANS**

- [EFT & SWP Details](#)
- [Loan Details](#)
- [Loan Repayments](#)
- [Disbursement History](#)
- [Annual Tax History](#)
- [Amounts Available](#)

After selecting a specific loan to view, the loan details will open.

- **BOB SMITH** XXX-XX-8709 5906839ARV

Date of Birth 01-01-1970 | Age 44 | Gender Male | Email Not on file | Address 400 PURITAN WAY, MARLBOROUGH, MA, 01752

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**Beneficiaries**

---

Participant Overview **Loan Details** [Learn more about Loan Details](#)

DEFINED CONTRIBUTION Plan: 74634 - ABC TEST PLAN

- Employment Information
- ACCOUNT INFORMATION
  - Investment & Source Balances
  - Transaction History
  - Online Statement
  - Deductions & Investment Elections
  - Company Match
- WITHDRAWALS & LOANS
  - EFT & SWP Details
  - Loan Details**
  - Loan Repayments
  - Disbursement History
  - Annual Tax History
  - Amounts Available

Highest Loan Balance for last 12 months: \$4,017.57

Limit Loans to:  All Loans      Select a loan: PD LOAN 1 - \$0.00

Loan Details			
Original Loan Amount:	\$4,500.00	Origination Date:	06/04/2012
Principal Balance:	\$0.00	First Payment Date:	06/18/2012
Interest Rate:	3.25%	Last Payment Date:	10/23/2013
Payment Amount:	\$39.79	Pay Frequency:	BiWeekly
Payments Remaining:	0	Total Payments:	122
Loan Status:	Paid		
Principal Residence Loan?	N		
Delinquent:	N		
Additional Comments			
NONE			

Click on the "Loan Repayments" link to view the loan repayment history or the loan amortization schedule.

Reinvestment Details			
Reinvestment Type:			
Source	Source Name	Percent	Original Amount
01	EMPLOYEE DEFERRAL	64.81%	\$2,916.37
10	PRIOR SAFE HARBOR MATCH	35.19%	\$1,583.63

View details for the following source: 01-EMPLOYEE DEFERRAL-64.81%-\$2,916.37

Source Details		
Investment Option	Percent	Amount
FID RETIRE MMKT	100.00%	\$2,916.37
<b>Total:</b>		\$2,916.37

View loan repayment history or loan amortization schedule by clicking the 'Loan Repayments' link.

< Back to Search Results Print

Name xxxxxx, SSN xxxxxxxxx 06839ARV  
 Date of Birth 01-01-1970 | Age 44 | Gender Male | Email Not on file | Address 400 PURITAN WAY, MARLBOROUGH, MA, 01752

Beneficiaries

Participant Overview

DEFINED CONTRIBUTION

Employment Information

ACCOUNT INFORMATION

Investment & Source Balances

Transaction History

Online Statement

Deductions & Investment Elections

Company Match

WITHDRAWALS & LOANS

EFT & SWP Details

Loan Details

**Loan Repayments**

Disbursement History

Annual Tax History

Select a loan: PD LOAN 1 - \$0.00

Repayment History				
Number	Date	Principal	Interest	Total
1	11/11/1911	\$482.43	\$0.00	\$482.43
2	01/24/2013	\$34.77	\$5.02	\$39.79
3	01/24/2013	\$34.81	\$4.98	\$39.79
4	01/30/2013	\$34.86	\$4.93	\$39.79
5	02/13/2013	\$34.90	\$4.89	\$39.79
6	02/27/2013	\$34.94	\$4.85	\$39.79
7	03/13/2013	\$34.99	\$4.80	\$39.79
8	03/27/2013	\$35.03	\$4.76	\$39.79
9	04/10/2013	\$35.07	\$4.72	\$39.79
10	04/24/2013	\$35.12	\$4.67	\$39.79
11	05/08/2013	\$35.16	\$4.63	\$39.79
12	05/22/2013	\$35.21	\$4.58	\$39.79

The system will default to the 'Repayment History' tab. Click on the 'Amortization Schedule' tab to view or print the amortization schedule. **The Amortization Schedule will not be available for loans paid in full.**

## 2.5.6 Beneficiary Transfer Documentation

After the death of a participant, the beneficiary provides the completed forms and documents necessary to have the account transferred into the name of the beneficiary. Typically the beneficiary will be required to provide an original or certified copy of the death certificate as well as the beneficiary's proof of identity (i.e. driver's license, Social Security card, etc.) or for the tax-exempt market segment, complete a form. After Fidelity has received

sufficient documentation, the decedent's account balance is transferred to one or more beneficiary account(s). The beneficiary can then decide to leave the proceeds in the plan or distribute the proceeds pursuant to the plan's documentation.

Copies of the documentation provided to Fidelity during the transfer process can be provided. To request this info, complete the 'Paperwork' tab of the [Sample Request Form](#).

Transfer between the deceased participant's account and the beneficiary's account are processed as intra-plan transfers. The information needed to complete the 'Beneficiary Transfer Samples' form can be found in a detailed Transfer Report. If a detailed Transfer Report is not available it can be ordered from Enhanced PSW® Reporting using instructions in Sec 1.11.

The beneficiary transfer will be identified in the transaction code description as 'Beneficiary Transfer'. The transfer from the deceased participant's account to beneficiary's account will have the same trade date; also, the transfer-to and from amounts will be the same and should net to 0.00.

Participant SSN	Participant Full Name	Beneficiary or Alternate Recipient Name	Beneficiary or Alternate Payee SSN	Date	Amount (Net Check Amount)	Summ Rule/ (Transaction Code)	Paperwork Type
Enter SSN here	Mike Xxxxx	Scott Xxxxx	Enter Beneficiary SSN here	05/30/2012	\$ 500,000.00	Beneficiary Transfer	Beneficiary

To ensure the 'Beneficiary Transfer Samples' request is fulfilled in a timely and accurate manner, verify all needed info has been provided. Incomplete forms may be returned to request missing info. The completed form may be submitted by attaching it to a Service Request. See [Section 1.7](#) for details on submitting a PSW® Service Request.

## 2.5.7 Qualified Domestic Relations Order Documentation

A Qualified Domestic Relations Order (QDRO) is any judgment, decree or order (including the approval of a property settlement) which:

- Is related to a provision for child support, alimony or marital property rights to a spouse, former spouse, child or other dependent of a participant
- Is made pursuant to state domestic relations law, including community property law
- Recognizes the right of an alternate payee to all or a portion of the benefits due a participant

For most QDRO settlements an alternate payee account (similar to a beneficiary account) is established and the proceeds of the QDRO settlement are moved to the alternate payee's account. The alternate payee can leave the proceeds in the plan or request distribution of the proceeds pursuant to the plan's documentation.

There are two ways that the QDRO direction is provided by the plan sponsor to Fidelity. After verifying the documentation is in good order, the plan sponsor can either send a PSW® Service Request to Fidelity or for plans in the Tax-Exempt Market provide written direction that the QDRO has been qualified. In these cases, Fidelity may or may not have the QDRO documentation requirements. If the plan elects to use the QDRO Qualification Service which is offered by Fidelity, the QDRO paperwork would be on file at Fidelity.

If Fidelity has the QDRO paperwork on file it can be provided to support the audit process. To obtain a copy of the available QDRO documentation, complete the 'Paperwork' tab of the 'Sample Request Form'. Below is an example of the QDRO Samples request.

The information needed to complete the Sample Request Form can be found in a detailed Transfer Report. If a detailed Transfer Report is not available it can be ordered from Enhanced PSW® Reporting using instructions in Sec 1.11. On the Transfer Report, transfers between the original participant’s account and the alternate payee account are processed as intra-plan transfers. The QDRO transfer will be identified in the transaction code description as ‘QDRO Transfer’. The transfer from the original participant’s account and the alternate payees account will have the same trade date and the transfer-to and from amounts will be the same and should net to 0.00.

Participant SSN	Participant Full Name	Beneficiary or Alternate Recipient Name	Beneficiary/or Alternate Payee SSN	Date	Amount (Net Check Amount)	Summ Rule/ (Transaction Code)	Paperwork Type
Enter SSN here	John Xxxxx	Elsa Xxxxx	Enter QDRO SSN here	07/13/2012	\$ 300,000.00	QDRO Transfer	QDRO

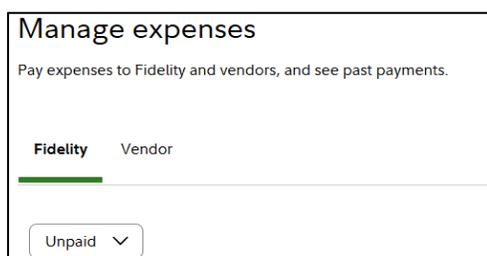
To ensure the ‘paperwork’ request is fulfilled in a timely and accurate manner, verify all info on the form has been provided. Incomplete request forms may be returned to request missing info. The completed form may be submitted by attaching it to a Service Request. See [Section 1.7](#) for details on submitting a Service Request.

## 2.6 Auditing Plan Expenses

The report below may help the auditor determine whether the expenses are in accordance with plan agreements. It will also help with substantive procedures related to administrative expenses.

*The auditor should review the terms of the plan with respect to any service level contracts with Fidelity to determine if fees are in accordance to those agreements.*

**Fidelity Invoices** can be found on PSW® by Authorized users of the plan. Click the hamburger menu (3 lines left of the PSW® logo), next go to *Administer Plans*, select *View Invoices* under *Billing*. Can choose to view *Paid* or *Unpaid* invoices.



<b>Fee Detail Report</b>	This report provides the participant level transaction history of administrative fees charged to participant accounts. This report will reconcile to the administrative fee amount shown in the Total Fund Activity column of the SOPO. Note: any fees paid directly by the plan sponsor, and thus not affecting participant accounts, will not be included in this report, nor are they reportable on the Form 5500. This report also includes a transaction code description which indicates the nature of the fees.
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Below is a list of *common* types of fee transaction codes. The plan you are auditing may or may not have these types of fees.

541 – Loan Setup Fee	560 – Participant Fee	567 – Person. Plan & Advice Fee
569 - Minimum Req. Distrib. Fee	575 – Administrative	576 – Trustee Fee
579 – Cancel Fee*	584 – Loan Maint. Fee	587 – Short Term Trading

597 – Overnight Mailing Fee	670 – Fee (Advisor)	675 – QDRO Fee
679 – Revenue Credit	961 – Real Time Trade Commission	962 – Real Time Trade SEC Fees

\*Cancel fees are fees *invoiced* by Fidelity. They usually come out of one of the types of suspense accounts from a plan. This type of fee does not represent the ‘cancellation’ of any service or type of transaction.

See [Section 8](#) for more info on the Supplemental Schedule C report and Revenue Sharing Programs.

## 2.7 Income Allocation Testing

The below reports help the auditor conclude whether net assets available for benefits were allocated to individual participant accounts according to plan documents. They also assist with the following:

- Whether assets have been allocated to participant accounts according to the plan document
- Whether the total of the participant accounts agree with the total assets available for plan benefits
- Testing allocation of income, appreciation or depreciation, administrative expenses and amounts forfeited for applicable accounts

The PYES Reports Package includes the Balance Info Summary Extract and SOC 1 reports. Supplemental reports available include the Participant Level Activity Report and Plan Level Activity Report (via Enhanced PSW® Reporting).

<b>Balance Info Summary Extract</b>	This report provides a participant level summation of all plan activity. It includes the market value of assets held at the end of the prior plan year period, all plan activity and the market value of all assets held at the end of the current plan year period. Many auditors use this report to make participant selections for substantive and compliance testing. This report can be provided at a source and fund level and is often used to assist with income allocation testing. This report template is also available to run and customize via Enhanced PSW® Reporting.
<b>Participant Level Activity Report</b> <i>(Enhanced PSW® Reporting)</i>	This report details all transaction history by fund, source and trade date. Typically, this report is used by auditors to analyze the impact of the timing of transactions to the participant’s rate of return for a specific investment. Due to the amount of data contained in this report, it can only be provided for a limited selection of participants.
<b>Plan Level Activity Report</b> <i>(Enhanced PSW® Reporting)</i>	This report contains the same information as the Participant Level Activity Report except that the activity by fund, transaction type, and trade date is summed for all participants. Typically, this report is used by auditors to test the fund income at a plan level.  See Sec 1.11 for Enhanced PSW® Reporting instructions.

### 2.7.1 Income Allocation Selections

While Fidelity does not perform income allocation testing, we will supply the participant data necessary to provide the auditor with a reasonable basis for concluding income has been properly allocated to participants’ accounts.

### 2.7.2 Using the Balance Info Summary Extract for Income Allocation Testing

As part of the analytical review for testing the reasonableness of participants’ income allocations, the Balance Info Summary Extract (BISE) can be utilized. The BISE details participants’ financial activity for the plan year and includes the beginning and ending balance and a summary of activity during the plan year. To use this report for

income allocation testing it must be provided in a format that includes source and fund level detail. Due to the large number of participants in some plans, the initial BISE report provided in the PYES package may not include source and fund level detail. **If your BISE report does not include source and/or fund level detail, a customizable template ‘Balance Info Summary Extract’ is available on PSW® to run on demand. See Sec 1.11 for Enhanced PSW® Reporting instructions.**

Auditors can use the below method to calculate a participant’s **Estimated Rate of Return** from the BISE report:

1. The BISE now includes unrealized gain/loss which is calculated as follows:

<b>Unrealized Gain/Loss = Net Change – Net Activity</b>	
Ending Market Value	Contribution
- <u>Beginning Market Value</u>	+ Dividends, Interest and Loan
Interest	
= <b>Net Change</b>	+ Forfeiture Debit and Credit
	+ Exchange In and Out
	+ Realized Gain/Loss
	+ Balance Forward
	+ Loan Withdrawals and
Repayments	
	+ Withdrawal
	+ Transfers In and Out
	+ Fees
	+ <u>Adjustment</u>
	= <b>Net Activity</b>

2. Calculate the **Total Earnings** as follows:

Interest	
+ Dividends	
+ Realized Gain/Loss	
+ <u>Unrealized Gain/Loss (from calculation above)</u>	
= <b>Total Earnings</b>	Calculate the <b>Estimated Average Market Value</b>
	<b>Estimated Average Market Value</b> = (Beginning Market Value + Ending Market Value) ÷ 2

3. Calculate the participant’s **Estimated Rate of Return**

**Estimated Rate of Return** = Total Earnings ÷ Estimated Average Market Value

While this method is efficient from a time management perspective, it should be understood it’s a rough estimate of the participant’s actual return. For purposes of determining the reasonableness of participants’ income allocations this method does, in many cases, provide results that fall within acceptable variance levels. However, there are cases where the auditor may elect to perform additional testing due to the size of the variance.

In circumstances where a variance is outside of a reasonable threshold, a more accurate method would be:

1. To sum the cash balance at the beginning of the plan year with the beginning cash balance for each transaction that occurred during the period being tested (the net asset value per share times the number of shares).
2. Then the formula to calculate the rate of return would be the total earnings divided by the beginning market value. This is a dollar-weighted calculation and is impacted by the amount and timing of the participant’s transactions that occur throughout the plan year period, thus affecting the participant’s return. As the participant’s balance in the mutual fund changes due to these factors, there is not a consistent basis of comparison to the returns posted by the mutual fund.

### 2.7.3 Using a Participant Level Activity Report for Income Allocation Testing

The timing of a participant's transactions can have a significant impact on their rate of return. Therefore, the methodology used in Section 2.7.2 may provide results outside of a reasonable variance threshold. In these cases, the auditor may elect to review the participant's transaction history in more detail to ensure transactions are being executed at appropriate amounts and interest and dividends are correctly allocated. Fidelity can provide a Participant Level Activity Report to support this process.

The auditor can gather the historical pricing and dividend rates typically available on financial websites such as Morningstar or Yahoo Finance. This historical pricing can be compared to the cash and share amounts of the participant's transactions, detailed in the Participant Level Activity Report, to ensure they have been executed at appropriate amounts. Using this report and the beginning share balance from the BISE report, the auditor can roll-forward the share balance to the date prior to the execution of a dividend transaction. The outstanding share balance at the end of the prior business day can be multiplied by the dividend rate to determine whether the participant's dividends were executed correctly.

This report can also be utilized to analyze the impact the amount and timing of a participant's transactions had on their rate of return compared to the return posted by the fund. While Fidelity will not provide such analyses, we will provide the participant data necessary for the auditor to complete these analyses. The steps to perform such an analysis, using the Participant Level Activity Report and the BISE, are shown below.

1. From the Balance Info Summary Extract or the participant's online statement, determine the beginning share and cash amounts for the fund being tested.
2. For each day the market was open, roll forward the shares to determine the outstanding share balance for each business day of the testing period.
3. From the cumulative share balance and published net asset value per share (NAV), determine the cumulative market value for each business day of the plan year.
4. Determine the unrealized gains/losses by day. This can be done by determining the net change in market value (current day cumulative market value minus the prior day cumulative market value). From this total subtract the net activity for the day (NAV times SHARES). In other words, take the net change in market value each day vs. the prior day less the net activity for that day. The cumulative share and cash amounts, as well as the activity should include any dividends, interest, and realized gains/losses that occurred on any given day.
5. Sum the total fund earnings for each day (Unrealized Gain/Loss + Realized Gain/Loss + Dividends + Interest).
6. Determine the daily rate of return by taking the total fund earnings for the day and dividing by the cumulative market value for the prior day.
7. To calculate the rate of return for the testing period, compound the daily returns using this formula.

$$\text{Personal Rate of Return (PRR)} = [(1 + R_1) \times (1 + R_2) \times \dots (1 + R_n)] - 1$$

For the period of time the participant held assets within the fund, this formula will reflect the rate of return for the fund plus the historical gains/losses associated with sales of shares that were purchased prior to the beginning of the testing period.

If there are significant differences between this calculated rate of return and the return posted by the fund, look at any time periods where the participant did not hold any shares within the fund as well as the realized gains/losses associated with the sales of shares.

The realized gains/losses are historical and represent the difference between the initial purchase price per share and the selling price per share. Since these realized gains/losses can account for changes in market value that

occurred prior to the beginning of the testing period, they can cause significant variances between the participant's rate of return and the rate of return posted by the mutual fund.

## 2.7.4 Using a Plan Level Activity Report for Fund Income Testing at the Plan Level

Some auditors perform fund income testing at the plan level by reviewing the purchases and sales activity in the Plan Level Activity Report. The same methods discussed in Section 2.7.2 can be used to test the fund income at the plan level. There is no need to provide Fidelity with a selection list for this report since the activity for all participants is summed by fund and trade date in the Plan Level Activity Report (Enhanced PSW® Report).

## 2.8 Auditing Participant Data

The information in this section is to help the auditor conclude:

1. Whether all covered employees have been properly included in eligibility records and contribution reports
2. Whether accurate participant data was supplied to the plan administrator.

### 2.8.1 Using the View Participants Tab of PSW® for Participant Level Testing

The 'Find Participants' search bar is another resource that can assist with the performance of the audit. The 'Find Participants' search bar can be found at the top of the page, next to the Fidelity PSW® logo. You can change the dropdown to search by SSN, Participant Name, or Employee ID. Demographic data, such as sex, marital status, date of birth, period of service with the employer, vesting date, and other service history are included on the participants' profiles in PSW®. Other data available includes transaction history, online statements, deductions and investment elections, loan details, loan amortization schedules, disbursement history and annual tax history.

The following sections provide guidelines for retrieving information to assist with participant level testing.



**HELPFUL TIP:** Many of the following screens can be printed by choosing the 'Print' link.

### 2.8.2 Demographic Data

To access the demographic data for a participant, use the search bar to the right of the PSW® logo and enter the participant's name or social security number. You can also click the hamburger menu and select 'Find Participants'.

The screenshot shows the Fidelity PSW® interface. At the top left is a close button (X) and the Fidelity PSW® logo. To the right of the logo is a search bar with a dropdown menu set to 'Participant SSN' and a search button labeled 'Search Participants' with a magnifying glass icon. Below the search bar is a navigation menu with three columns. The first column contains 'Participants', 'Search' (with a sub-link 'Find Participants'), and 'Recently viewed' (with 'Bad Smith' listed). The second column contains 'Administer Plans', 'Defined Contribution' (with sub-links: 'Set Plan Options', 'Plan Balances', 'Plan Investments', 'Company Contribution Calculator'), and 'Compliance'. The third column contains 'Manage Data', 'File Management' (with sub-links: 'Contribution Center', 'View All Files', 'Create or Send a File', 'Apply Funding', 'Receive Files', 'File Management').

After searching for and selecting the desired participant, the 'Participant Overview' screen will open. Included on this screen are the participant's name, employee ID, date of birth, gender, e-mail address and primary address. To view the 'Employment Information' screen, click on the link under 'Defined Contribution'.

Plan name	Status	Hire date	Account balance	Vested balance	Outstanding balance	Actions
ABC TEST PLAN	A-ACTIVE	NOV-01-2002	\$41,467.60	\$41,467.60	Not available	...
ABC TEST PLAN	B-BENEFICIARY-SPOUSE	NOV-01-2002	\$42,894.62	\$42,894.62	Not available	...
<b>Totals</b>	n/a	n/a	<b>\$84,362.22</b>	<b>\$84,362.22</b>	n/a	

Defined contribution

Select a plan 74634 - ABC TEST PLAN

Print Jump to

**Employment information**

Status code B - BENEFICIARY-SPOUSE	Marital status MARRIED	Dependents 0	Spousal consent No
Hire date Nov-01-2002	Participation date Nov-18-2009	Adjusted hire date Not available	Vesting date Not available
Termination date Jan-01-2016	Vesting modified No	Beneficiary/QDRO payee Not available	Auto age status participantIneligible

**Eligibility**

Special tax ID Not Applicable	16(b) officer No	Eligibility date Apr-05-2002	Deminimus status Not available
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### 2.8.3 Deductions and Investment Elections

Fidelity maintains deferral percentages. To retrieve the participant's deduction and investment election information, click 'Deductions & Investment Elections' located on the left side of the 'Employment Information – Savings' screen. After clicking on this link, the 'Deductions and Investment Elections' screen will open. This PSW® screen defaults to display the current deduction percentage. To view the previous condition, click on the 'Category' drop down arrow and select 'Previous'.

The Deferrals Report is available to run on PSW® Enhanced Reporting (see Section 1.11). This report provides the option to pull current and historical deferral information. The Deferrals Report can also be generated to show deferral changes. The report details the deferral percentage and the effective date of the change per participant for the plan year. This report only includes changes initiated by the participant and does not include deferral suspensions due to hardship withdrawals.

Fidelity provides deferral feedback files to many of our clients. These files can be used for the purpose of updating payroll and tracking participant changes to their deferral percentages. It should be noted these files purge from PSW® after 60 days; therefore, the client should save copies of these feedback files if they wish to maintain records of the history of changes made during the plan year period.

Fidelity also maintains the current investment election percentages by contribution source. To change between contribution sources, click the 'Select a Source' drop down arrow. The current election percentages are available on PSW®. To confirm previous investment elections or that the investment election percentages are correct, the auditor should confirm with the participants directly.

**Investment Election Reporting** – As part of the Enhanced PSW® Reporting there are two reports to support investment elections as of a certain date, and investment election history for a certain range. Both reports include reporting by source and fund. *See appendix Sec 1.11 for more info.*

If an employee uses Portfolio Advisory Services at Work (PAS-W), PSW® will not reflect the investment elections. PAS-W is a management service designed specifically for defined contribution plan participants to help them

make investment decisions in their workplace savings plans. Auditors and plan sponsors can run a report in PSW® which will report those participants enrolled to explain why they do not have investment elections shown.

Participant Overview

**BOB SMITH** XXX-XX-8709 | 5906839ARV  
 Date of Birth 01-01-1970 | Age 44 | Gender Male | Email Not on file | Address 400 PURITAN WAY, MARLBOROUGH, MA, 01752

Beneficiaries

Plan: 74634 - ABC TEST PLAN

**Deductions**

Category: Current

Pre-Tax Deductions	Election Date	Election
PRE-TAX BASIC	07/31/2013	0.00%
		Subtotal: 0.00%

After-Tax Deductions	Election Date	Election
AFTER-TAX BASIC	07/31/2013	0.00%
		Subtotal: 0.00%
Total Percent Deducted: 0.00%		

Current Investment Elections as of 01/17/2014

Select a Source: 01-EMPLOYEE DEFERRAL

Investment Option	Percent
FID FREEDOM K 2030 (Default Election)	100.00%
Total: 100.00%	

To toggle between current and previous deferral percentages, click the drop-down arrow.

To toggle between contribution sources, click on drop-down arrow.

## 2.8.4 Participant Online Statement

To retrieve a participant’s online statement, click the ‘Online Statement’ link from the ‘Employment Information’ screen. **Online statements can only be requested for the past 120 months (10 years) of activity from the date the statement is being requested.**

Employment Information

ACCOUNT INFORMATION

- Investment & Source Balances
- Transaction History
- Online Statement
- Deductions & Investment Elections**
- Company Match

WITHDRAWALS & LOANS

- EFT & SWP Details
- Loan Details
- Loan Repayments
- Disbursement History
- Annual Tax History
- Amounts Available

**Deductions**

Category: Current

Pre-Tax Deductions	Election Date	Election
PRE-TAX BASIC	07/31/2013	0.00%
		Subtotal: 0.00%
Total Percent Deducted: 0.00%		

Current Investment Elections as of 01/17/2014

Select a Source: 01-EMPLOYEE DEFERRAL

Investment Option	Percent
FID FREEDOM K 2030 (Default Election)	100.00%
Total: 100.00%	

To retrieve a participant’s online statement, click here.

After clicking the link the ‘online statement’ screen will open. Online statements can be processed by month, by quarter, year to date, as of a specific date or for a custom date range. Select the radio button for the desired option, enter the appropriate information and click ‘Retrieve Statement’.

**Fidelity PSW®** Participant Name  Search Participants

[Back to Participant Search](#) [Print](#)

**BOB SMITH** Date of birth: 01/01/1960 (65 years) SSN: \*\*\*-\*\*-0274 Employee ID: Not available Executive Service: Not available [BOB's view of NetBenefits®](#)

Service Request [View all](#)
 Calls [See call details](#)
 Account notices [See documents mailed](#)

[View personal and contact information](#)

Participant Overview

**Defined Contribution**

Employment Information

Death Benefit Transfer

**ACCOUNT INFORMATION**

Investment & Source Balances

Transaction History

**Online Statement**

Deductions & Investment Elections

Company Match

**Online Statement** [Learn more about Online Statement](#)

Plan: 74634 - ABC TEST PLAN

**Retrieve Statement**

Select one of the following statement options, then, enter related details.

Select a specific month to view: 2024 - December
  Select a specific quarter to view: 4th Quarter 2023
  Year to Date
  Select a specific date to view: (mm/dd/yyyy)
  Choose a custom date range: From: (mm/dd/yyyy) To: (mm/dd/yyyy)

You can order statements for any custom date range within the previous 120 months (10 years).

[Retrieve Statement](#)

After the online statement opens, a copy can be printed by clicking the 'Print This Page' link. The summary portion of the online statement details the beginning balance, the activity for the statement period and the ending balance.

**Fidelity PSW®** Participant Name  Search Participants

[Search for a Participant](#) [Print](#)

**BAD SMITH** Date of birth: 01/01/1960 (65 years) SSN: \*\*\*-\*\*-8153 Employee ID: 1232311 Executive Service: Not available [BAD's view of NetBenefits®](#)

Service Request [View all](#)
 Calls [See call details](#)
 Account notices [See documents mailed](#)

[View personal and contact information](#)

Participant Overview

**Defined Contribution**

Employment Information

Death Benefit Transfer

**ACCOUNT INFORMATION**

Investment & Source Balances

Transaction History

Online Statement

Deductions & Investment Elections

**Online Statement** [Learn more about Online Statement](#)

Plan: 74634 - ABC TEST PLAN [Print This Page](#)

**ABC ORGANIZATION**

ABC TEST PLAN Retirement Savings Statement

**Summary Information** Statement Period: 01/01/2024 to 12/31/2024

Beginning Balance	\$31,702.48
Change in Market Value	\$9,247.90
Ending Balance	\$40,950.38
Additional Information	
Vested Balance	\$40,950.38

Also included in the Participant Online Statement is the 'Your Asset Allocation' section which details the investment mix by asset classification and an Account Value Section which provides the beginning and ending share and cash amounts by investment (these sections not shown).

The 'Your Account Activity' section provides a summary by investment which includes the beginning balance, the activity for the statement period and the ending balance. This section of the Participant Online Statement also includes 'Detailed Transaction History' link. After clicking the link, the 'Transaction History' screen will open. This history can be viewed by investment or contribution source.

Your Account Activity		Statement Period: 01/01/2013 to 12/31/2013		
Use this section as a summary of transactions that occurred in your account during the statement period.				
			<a href="#">Detailed Transaction History</a>	
Activity	Wfsc Stable Value	FID Retire Mmkt	FID Freedom K 2015	FID Freedom K 2030
Beginning Balance	\$549.90	\$0.00	\$0.00	\$0.00
Your Contributions	\$0.00	\$0.00	\$0.00	\$981.17
Employer Contributions	\$0.00	\$0.00	\$0.00	\$1,486.23
Balance Forward	\$0.00	\$0.00	\$0.00	\$7,136.41
Loan Repayments	\$0.00	\$0.00	\$0.00	\$875.38
Interest	\$0.00	\$0.00	\$0.00	\$0.03
Withdrawals	-\$97.16	\$0.00	\$0.00	-\$1,902.84
Overnight Mailing Fee	-\$25.00	\$0.00	\$0.00	\$0.00
Exchanges	-\$427.72	\$42.78	\$384.94	\$0.00
Adjustments	\$0.00	\$0.00	\$0.00	\$0.07
Change in Market Value	-\$0.02	\$0.00	\$10.56	\$1,250.15
Ending Balance	\$0.00	\$42.78	\$395.50	\$9,826.60
Dividends & Interest	\$0.00	\$0.00	\$0.00	\$203.37

Click here to view the detailed transaction history by trade date.

The Transaction History Screen is shown below. You can also navigate to this screen from the 'Employment Information' screen by clicking the 'Transaction History' link on the left side of the screen. The history is available by investment or contribution source.

Date	Investment	Transaction	Transaction Amount	
			Debit	Credit
11/12/2013	FID RETIRE MMKT	Exchanges		
11/12/2013	FID FREEDOM K 2015	Exchanges		
10/23/2013	FID FREEDOM K 2030	Loan Repayments		
10/23/2013	FID FREEDOM K 2030	Contribution		
10/15/2013	WTFSC STABLE VALUE	Exchanges	-\$427.72	-23.074
10/15/2013	FID RETIRE MMKT	Exchanges	\$427.72	427.720
10/09/2013	FID FREEDOM K 2030	Loan Repayments	\$39.79	2.692
10/09/2013	FID FREEDOM K 2030	Contribution	\$54.38	3.679
09/25/2013	FID FREEDOM K 2030	Loan Repayments	\$39.79	2.656
09/25/2013	FID FREEDOM K 2030	Contribution	\$56.58	3.777
09/11/2013	FID FREEDOM K 2030	Loan Repayments	\$39.79	2.683
09/11/2013	FID FREEDOM K 2030	Contribution	\$54.38	3.667
08/28/2013	FID FREEDOM K 2030	Loan Repayments	\$39.79	2.749
08/28/2013	FID FREEDOM K 2030	Contribution	\$54.38	3.758
08/14/2013	FID FREEDOM K 2030	Loan Repayments	\$39.79	2.701

The history can be viewed by investment or contribution source by clicking the appropriate tab. Viewing the transaction history by source is very helpful when testing vesting percentages.



## 2.8.5 Testing Vesting Percentage Using the Transaction History Screen

A participant's vesting percentage related to a particular transaction can be calculated by utilizing the 'Transaction History' screen in PSW®.

- Navigate to the 'Transaction History' screen by entering the participant's SSN or name in the 'View Participants' tab.
- Click the 'Defined Contribution' link on the left side of the screen.
- Click the 'Transaction History' link to open the 'Transaction History'.

[Employment Information](#)

**ACCOUNT INFORMATION**

[Investment & Source Balances](#)

**Transaction History**

[Online Statement](#)

[Deductions & Investment Elections](#)

[Company Match](#)

**WITHDRAWALS & LOANS**

[EFT & SWP Details](#)

[Loan Details](#)

[Loan Repayments](#)

[Disbursement History](#)

[Annual Tax History](#)

[Amounts Available](#)

**History for 01/01/2013 to 12/31/2013**

[Change the date range](#)

History by Investment
History by Source

[Show Details](#)

Date▼	Investment	Transaction	\$ Amount	Shares or Units
11/12/2013	FID RETIRE MMKT	Exchanges	-\$384.94	-384.940
11/12/2013	FID FREEDOM K 2015	Exchanges	\$384.94	27.774
10/23/2013	FID FREEDOM K 2030	Loan Repayments	\$39.79	2.596
10/23/2013	FID FREEDOM K 2030	Contribution	\$204.38	13.332
10/15/2013	WTFSC STABLE VALUE	Exchanges	-\$427.72	-23.074
10/15/2013	FID RETIRE MMKT	Exchanges	\$427.72	427.720
10/09/2013	FID FREEDOM K 2030	Loan Repayments	\$39.79	2.692
10/09/2013	FID FREEDOM K 2030	Contribution	\$54.38	3.679
09/25/2013	FID FREEDOM K 2030	Loan Repayments	\$39.79	2.656
09/25/2013	FID FREEDOM K 2030	Contribution	\$56.58	3.777
09/11/2013	FID FREEDOM K 2030	Loan Repayments	\$39.79	2.683
09/11/2013	FID FREEDOM K 2030	Contribution	\$54.38	3.667
08/28/2013	FID FREEDOM K 2030	Loan Repayments	\$39.79	2.749
08/28/2013	FID FREEDOM K 2030	Contribution	\$54.38	3.758
08/14/2013	FID FREEDOM K 2030	Loan Repayments	\$39.79	2.701

Click the 'History by Source' tab to test vesting percentages.

To calculate the vesting percentage credited to the participant's account on the date of the withdrawal, follow these steps.

- Click the 'History by Source' tab.
- Add the withdrawal amount to the forfeiture amount.  

$$\$2,122.68 + \$707.56 = \$2,830.24$$
- Divide the withdrawal amount by the total amount.  

$$\$2,122.68 \div \$2,830.24 = 75\%$$
- Compare the calculated vesting percentage to the vesting schedule (taking into account any prior withdrawals in the current year or prior years).

**Vesting Tables for each source are available in PSW® under 'Administer Plans' tab.**

From PSW® Home Page,

- Click the hamburger menu (3 lines left of PSW® logo)
- Under 'Defined Contribution', select 'Plan Balances'.
- Under 'Select View', choose 'Source Reference'.
- Select the plan number and source in the dropdowns.
- Under 'Vesting schedule', select 'See Details'.
- The vesting table which applies to the source will appear if vesting is applicable to the source.

← [Go back to home](#)

## Plan history and balances

Balances for all plans   Plan balance   Plan history   Suspense accounts   **Source reference**   Participant status code reference

### Source reference

Details for each source type

Filter by plan: 74634 - ABC TEST PLAN   Filter by source: 4 - CO MATCH UNRESTRICTED

Source ↕	Taxability ↕	Contribution type ↕	Deferral description ↕	Vesting type ↕	Vesting date ↕	Vesting schedule
4 - CO MATCH UNRESTRICTED	Fully taxable	Employer	NA	Service Vesting - Plan	1 - Date of Hire	<a href="#">See Details</a>

If your vesting recalculations are inconsistent with actual forfeitures processed, please review our vesting learning byte at <https://planaudithelp.com/learning-bytes/>.

## 2.9 Specialty Feature Supporting Documents

Additional reports are available for stable value pooled funds, unitized stock funds and brokerage link funds. The name, content and a description of the typical use of these reports are detailed below.

2.9.1	<b>FMTC Stable Value Certification Letter</b>	The Financial Accounting Standards Board (FASB) released Staff Position AAG INV-1 and SOP 94-4-1 (the 'FSP') addressing accounting rules for defined contribution plan stable value investment options. To help satisfy the FSP, Fidelity will provide a certification letter which states the plan's assets at contract value and fair value for the Managed Income Portfolio (MIP), Managed Income Portfolio II (MIP2) and Fidelity Advisor Stable Value Fund. A fair value certification should be available in the Plan Financials tab on the Plan Year End Summary Reports page. Look for a document labeled 'Fair Value Certification'.
2.9.2	<b>FMTC Stable Value Annual Report</b>	The annual reports for the MIP, MIP2 and Fidelity Advisor Stable Value funds are available on PSW®. These reports contain information related to the fund performance, investment changes, and financial statements as of September 30 <sup>th</sup> . These reports are available on the 'Plan Year End Summary Reports' page, under the 'General Audit Documents' tab.
2.9.3	<b>FMTC Stable Value Market Value Report</b>	The annual reports for Fidelity's stable value pooled funds (MIP, MIP2 and Fidelity Advisor Stable Value) are prepared each year as of September 30 <sup>th</sup> . If your plan year end occurs at another point in time, it may be necessary to obtain a market value holdings detail as of the plan's year end. This report will provide the market value detail of each of the underlying securities within the fund, as well as other information. The 12/31 market value reports for the FMTC stable value commingled pools are available in the 'General Audit Documents' folder in the 'Plan Year End Summary' page.
2.9.4	<b>Stable Value SOP 94-4-1 Report</b>	This report provides detailed information related to the wrap contracts and spot yields associated with the stable value fund. Submit a service request through PSW® if you would like Fidelity to provide a SOP 94-4-1 Report for your stable value investment(s). For FMTC stable value commingled pools, the 12/31 reports are available in the 'General Audit Documents' folder in the 'Plan Year End Summary' page, in 'Administer Plans'.
2.9.5	<b>FD490 Report</b> <i>Schedule H (Form 5500) Financial Info for Unitized Stock Funds</i>	The FD490 report contains the Schedule H Form 5500 information related to the custom/unitized stock fund. This report is useful to identify the detail for receivables and payables within the fund as outlined in <a href="#">Sections 7.3.7</a> and <a href="#">7.3.8</a> . Submit a Service Request through PSW® if you would like Fidelity to provide a FD490 report for your custom/unitized stock investment.  The FD490 report calculates gains and losses based on the Revalued cost method.
2.9.6	<b>GCR Annual Report</b> <i>(Annual Trust Statements for Custom/Unitized Funds)</i>	GCR reports can be found on PSW under the 'Reporting' Tab. Go to the 'View Published Reports' link and click on the 'Accounting Statement – GCR – Annual' link. If you do not have access to the 'View Published Reports' link, you will have to work with the fund account manager to obtain.  The report includes a Statement of Assets and Liabilities, Detail Statement of Purchase Transactions, Detail Statement of Sale Transactions, Detail Statement of Contributions and Receipts, Detail Statement of Disbursements, Detail Statement of Earned Income and Detail Statement of Expenses Incurred.  The GCR uses the historical cost basis to calculate gains/losses within the unitized fund.
2.9.7	<b>GUIDE Reports</b>	These reports will show the fund level detail that supports the amounts reported on the Summary of Net Trust Assets/Summary of Net Assets for 403(b) plans associated with a stable value synthetic GIC (Guaranteed Investment Contract) fund. Submit a Service Request through PSW® if you would like Fidelity to provide GUIDE reports for your stable value synthetic GIC fund.

## 2.10 Reporting and Operational Adjustments (Journal Entry Testing)

### Who creates the Journal entries?

Fidelity's Testing & Reporting Services (TRS) prepares the Plan Year End Summary package (PYES) which provides the information about the plan assets, liabilities, income and expenses reflected on Fidelity's recordkeeping system during the plan year. The PYES is designed to assist with the preparation of the Form 5500 and related Schedules.

The PYES reports are a summary of entries made during the reporting period and are run directly from the Fidelity Participant Recordkeeping System (FPRS). The transactions in FPRS are directed by the plan sponsor and/or the participants in the plan and are covered under the Fidelity Workplace Services SOC 1 report. The plan sponsor's responsibilities can be found within the recordkeeping agreement.

### What journal entries can occur?

For purposes of top-side reporting, the PYES is subject to a number of system audits comparing system data.

When an audit is triggered, it requires the TRS associate to review the audit and determine if an action is required.

Typically, there are two types:

1. Reclassifications of Asset/Liabilities, Income/Expenses – for example market value adjustments or prior period adjustments.
2. Reconciliation between custom fund products - See [Section 7](#) for more details around custom fund reporting.

TRS does not make journal entry adjustments to the FPRS prior to or after the Trial Balance generation.

In very limited circumstances where Fidelity makes an error there could be 'as of' processing. 'As of' processing could occur in a plan subsequent to the Trial Balance report date. It is important to note that 'as of' processing is never client-directed.

### Can you provide a list of the adjustments made to the PYES annual package?

- Reclassifications of Asset/Liabilities, Income/Expenses – An adjustment report is available upon request.
- Reconciliation between custom fund products – See [Section 7](#) for more details on custom fund reporting.

### For purposes of identifying top side entries:

Adjustments can be identified on the Summary of Plan Operations and will be listed as prior year adjustments or current period adjustments.

- 'As of' adjustments can be found by reviewing the Audit Adjustment Report and comparing process date to trade date. Subsequent entries would be identified by the transaction process date that falls after the trial balance report date.

The Trial Balance report date can be found in the upper right corner of the Trial Balance.

- The Audit Plan Level Activity Report and Audit Participant Level Activity Report can also be reviewed. These reports show all transactions in FPRS, including adjustments.

- You can run these reports in PSW®.
  1. From the PSW® home page, click the hamburger menu on the top left of the screen.
  2. Under 'Reporting', select 'Dashboard'.
  3. Scroll down to 'Select a report template'.
  4. Select the report from the list or use the search bar to search for the desired report.
  
- NOTE: If there is a difference between the Summary Plan of Operations and Summary of Net Trust Assets (SONTA) other than the deemed distributions, there could be a custom fund or Self-Directed Brokerage Account adjustment to the SONTA and the 5500 Worksheet to account for timing differences. (See [Section 7.](#))

## Identifying Corrections or Adjustments to a Participant's Account

### Reviewing the BISE report

#### Transaction Codes

- Item Codes - There are 16 items codes used that roll up to the plan year end and supporting reports. These are your general ledger accounts.
- Transaction Codes - Of those 16 items there are many transaction codes providing more detail on the 16 items codes. These are your sub-ledger accounts.
- Example:
  - Item code 13 is for fees.
  - Transaction codes could include 587 – Short Term Fee, 584 – Loan fee, etc.
- They all roll up to the one line item.
- In thinking about the various parts of the audit that are tested (contributions, distributions, loans, etc.) where are areas we would look that fall outside these areas and how would we identify them?

#### Adjustment Column

- Are there large amounts or a few small adjustments? The idea is they could net together or show as a small amount on the financials; however, the BISE will show the transactions that make up the number on the SOPO/TB.
- You can order an adjustment report. *See previous page for instructions.*
- Note on Adjustments made to plans with SDB, see [Section 7.5.3](#) on the adjustments made to plans with SDB accounts.

### Practice Tip – Examples of additional transactions that can be reviewed on BISE

#### Transfers

- Review transfer (in) and (out) lines.
- Does the participant still have a balance and if so, why is there a partial transfer?
  - This is often due to a QDRO (Qualified Domestic Relations Order) or transfer to beneficiary account.

#### Exchanges In/Out

- If Exchange out for Participant (A) into Fund (b) equals exchange in for the same participant in Fund (c). Easy to compare in excel by adding quick formula. Answer should be \$0.
  - Exception: If the participant has RT (real time) traded stock there could be a two-day settlement. You can check the fund code to see if this is a RT fund.
  - During May 28, 2024, the US financial industry changed the settlement period to 1 business day (T+1), from 2 business days (T+2).

### Forfeitures – Review the Forfeiture Activity Report.

Forfeiture adjustments are usually transactions that represent market value adjustments to participant accounts. These adjustments are usually related to contribution corrections that have transaction codes of 219-01.

### Interest Column

- Is there interest posted to a mutual fund?
- Is there interest income you would not expect on that particular fund?
- If they have a Guaranteed Investment Contract (GIC) or other producing interest investment, this is reasonable.

### Example of Balance Info Summary Extract (BISE) Report

FIRST NAME	CONTRIB UTION	SHARES	DIVIDEN D	SHARES	INTEREST	SHARES	FORFEITURE CREDIT	SHARES	EXCHANGE IN	SHARES	WITHDR AWAL	SHARES	TRANSFERS	SHARES	FORFEITURE DEBIT	SHARES	EXCHANG E OUT	SHARES	SHARES	ADJUSTMENT	SHARES
MIKE	575.79	23.686	2	0.073	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.091	0	0
MIKE	0	0	0.12	0.004	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MIKE	32.28	1.252	0.99	0.039	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MIKE	1920.96	124.686	176.35	10.903	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.566	0	0
MIKE	0	0	13.84	0.856	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MIKE	32.22	1.628	0.72	0.037	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ERIC	0	0	185.12	5.641	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ERIC	0	0	152.34	4.641	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ERIC	0	0	198.32	6.043	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BETH	0	0	0.42	0.016	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BETH	0	0	1.41	0.04	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BETH	0	0	22.92	0.698	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BETH	0	0	6.03	0.101	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
HEATHER	82.5	1.978	1.27	0.031	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
HEATHER	247.5	2.562	11.32	0.123	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
HEATHER	165	1.372	7.37	0.064	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
HEATHER	330	14.774	3.57	0.162	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
HEATHER	165	6.048	0.21	0.007	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
HEATHER	165	4.596	1.69	0.047	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
HEATHER	165	4.756	3.05	0.09	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
HEATHER	165	4.294	2.61	0.069	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
HEATHER	18749.2	18749.2	0.2	0.2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
HEATHER	165	8.333	3.88	0.198	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

## 2.11 Outstanding Check Process

- First notice over 90 days after issuance – via email
- Second notice over 180 days after issuance – via email and written notice
- Following second notice, participants have 45 days to request check re-issue



If the participant does not respond to the outstanding check e-mail/written notifications or request a re-issue for a check within the specified time frame, action will be taken. The action taken will depend on the participant and the plan's setup per the plan documents.

### Enhanced Reports Available in PSW® for Information on Outstanding Checks

- **Outstanding Check - Participant Notification Report** – List of written and email notifications sent to participants whose accounts have one or more outstanding payments.
- **Outstanding Checks Forfeiture Posting Summary Report** – List of outstanding checks forfeited as part of the Outstanding Check Policy Handling.

#### Ordering Enhanced Outstanding Check – Participant Notification Report

This report will provide a listing of written and emailed notifications sent to participants whose accounts have one or more outstanding payments.

1. In PSW®, click the hamburger menu on the top left of the screen.
2. Go to 'Reporting' and underneath select 'Dashboard'.
3. Scroll down to 'Select a report template'.
4. Choose the 'Outstanding Check – Participant Notification Report' template from the list or search for the template in the search bar.
5. Choose the 'Notification Date' range you would like to review.
6. Select plan number in 'DC Plan' and click 'Apply'.
7. Data will come back, click 'Export', and choose 'Excel'.
8. Excel file will open for you to use or save.

#### Ordering Enhanced Outstanding Check Forfeiture Posting Summary Report

This report will provide a listing of outstanding checks that have been forfeited as part of the Outstanding Check Policy Handling.

1. In PSW®, click the hamburger menu on the top left of the screen.
2. Go to 'Reporting' and underneath select 'Dashboard'.
3. Scroll down to 'Select a report template'.
4. Choose the 'Outstanding Check Forfeiture Posting Summary Report' template from the list or search for the template in the search bar.
5. Choose the 'Forfeiture Date' range you would like to review.
6. Select plan number in 'DC Plan' and click 'Apply'.
7. Data will come back, click 'Export' and choose 'Excel'.
8. Excel file will open for you to use or save.

## 2.12 Auto Enrollment Report – Opt Out Information

Enhanced PSW® Audit Auto Enrollment Report (*Reporting > Dashboard*)

- Created to provide a more concise report showing auto enrollment information
- Fields in the report help determine opt out scenarios

**Description of Auto Enrollment Indicators:**

Data Element Name	Data Element Description
Active Deferral Election Date	Date participant made active deferral election
Active Deferral Election Indicator (Y/N)	Possible values: Y - Active participant (an active deferral election was made), N - Passive participant (auto enrolled with no active deferral elections), Space - Participant has not reached auto enrollment, or enrolled prior to the existence of this indicator, and data was inconclusive to determine if they were active or passive; for all intents and purposes, they are treated as active.
AE Calc Date	The date AE Setup Date, AE Notification Date and AE Enroll Date were calculated
AE Election Setup Date	Setup Date, date that deferral percent and mixes are set.
AE Enroll Date	Describes the date the system performed the automatic enrollment process for employees in a plan
AE Notification Date	The date when the AE notification process begins
AE Original Enrollment Date	For Rehire reinstatement - the date the participant was originally enrolled (to evaluate skip period)
Reinstatement Status	Indicator to flag participants passed through the new rehire reinstatement process; possible values are: Y - Participant passed new rehire reinstatement; N - Participant did not pass through new rehire reinstatement; Space - Participant not a rehire.
Resolicitation Indicator (Y/N)	Y - participant was selected due to a plan resolicitation; N - participant completed automatic enrollment

- Anyone who **does not have an active deferral election and has no AE enroll date would have opted out** (if they are still active in the plan).
- Enroll date = enrolled in AE Service = **Opted In**
- No enroll date **AND** Active deferral election date = **Opted out** by making an active election outside of the AE service
- No enroll date, no active deferral election date = **Opted out**

## 2.13 NEW – Auditing the Forfeiture Account

The information below is intended to assist auditors in their review of the plan’s forfeiture account. To gain an understanding of how forfeitures are handled for the specific plan, please refer to the Plan Document. It is the plan sponsor’s responsibility to monitor the Forfeiture account balances and activity.

The Forfeiture account is maintained on the FPRS ‘F-guy’ under the Social Security Number 999-99-9999F. Note that some plans may have multiple Forfeiture accounts. The Balance Info Summary Extract (BISE) report provided with the PYES package includes the account level summation of all activity during the plan year including a beginning and ending balance. The Forfeiture account can be found at the very bottom of this report under the SSN 999-99-9999F. The first/last name will also indicate FORFEITURE ACCOUNT. The BISE provides the aggregate total for all transactions in the account during the plan year (Contributions, Fees, Forfeiture Credit, etc.). Generally, amounts in the Contribution column of the report represent funds used to offset participant contributions or corrections to a contribution. Forfeiture Credit amounts are unvested amounts forfeited by the participant. Transfers are generally connected to uncashed check activity. Fee amounts are funds used to pay plan expenses.

These transaction types may be used for other types of processing as outlined in the plan documents, therefore a review of the detailed forfeiture activity may be necessary. Detailed reporting of the forfeiture account activity is available on the Audit Forfeiture Activity Report. The report provides the activity in the 'F-guy' SSN 999-99-9999F by Trade Date/Calendar Day and includes the transaction code description. The table below is intended to describe the most common transactions and transaction types used in the forfeiture account and the participant's offsetting transaction if applicable.

Description	Forfeiture Account		Participant's Account	
	Transaction	Transaction Type - DC	Transaction	Transaction Type - DC
Correction to a contribution amount that is funded from (-) or offset to (+) the Forfeiture account.	219-CONTRIB ADJ	1-Contributions	219-CONTRIB ADJ	1-Contributions
Amount (-) used to offset participant contributions.	690-CONTRIB OFFSET	1-Contributions	275-CO MATCH	1-Contributions
Earnings on investments within the Forfeiture account.	100-DIVIDEND	2-Dividend		N/A
Adjustment to earnings on investments within the Forfeiture account.	101-DIVIDEND ADJ	2-Dividend		N/A
Unvested amount forfeited by the participant.	300-FORFEITURE CREDITED	4-Forfeiture Credited	629-FORFEITED AMOUNT	11-Forfeited Amount
Unvested amount forfeited by the participant.	304-FORF EXCESS	4-Forfeiture Credited	627-FORF EXCESS	11-Forfeited Amount
Earnings on investments within the Forfeiture account for fund codes beginning with "G."	850-INTEREST	6-Realized Gain/Loss		N/A
Balance received from the prior recordkeeper.	205-BALANCE FORWARD	7-Balance Forward		N/A
Adjustment to a balance received from the prior recordkeeper	213-BAL FWD ADJ	7-Balance Forward		N/A
Balance received from the prior recordkeeper.	901-BALANCE FORWARD	7-Balance Forward		N/A
Adjustment to a participant's withdrawal amount.	505-WITHDRAWAL ADJ	9-Withdrawal	505-WITHDRAWAL ADJ	9-Withdrawal
Uncashed checks that are returned to or re-issued out of the Forfeiture account.	436-O CHECK TRANSFER IN	10-Transfer	435-O CHECK TRANSFER OUT	10-Transfer
Outside vender fee paid out of the Forfeiture account per client direction.	575-ADMINISTRATIVE FEES	13-Fees		N/A
Fee paid for a Fidelity Invoice per client direction.	579-OTHER RECORDKEEPING FEE	13-Fees		N/A
Market Value adjustment for earnings associated with a correction (+/-) that is funded from (-) or offset to (+) the Forfeiture account.	699-ADJUSTMENT	16-Adjustment	699-ADJUSTMENT	16-Adjustment

Additional reports are available to assist your review of the forfeiture activity. These reports provide a roll-forward of the forfeiture account:

- Balance Info Summary Extract Report (PYES package) / (Enhanced PSW® Reporting)
- Forfeiture Trial Balance (PSW® Service Request)
- Forfeiture Statement (PSW® Service Request)

The following reports will provide transaction detail within the account and/or detail surrounding participant monies moved to the forfeiture account:

- Audit Forfeiture Activity Report (Enhanced PSW® Reporting)
- Audit Forfeiture Debit Credit Report (Enhanced PSW® Reporting)
- Audit Wire Recon Report (Enhanced PSW® Reporting)
- Audit Participant Level Activity Report (Enhanced PSW® Reporting)
- Contributions Report (Enhanced PSW® Reporting)

The reports below provide information on the status and notification of outstanding checks.

- Outstanding Check - Participant Notification Report (Enhanced PSW® Reporting)
- Outstanding Checks Forfeiture Posting Summary Report (Enhanced PSW® Reporting)
- Audit R25 Check Register (Enhanced PSW® Reporting)

### **How do I identify balances in the Forfeiture account for uncashed checks?**

Activity related to uncashed checks in the Forfeiture account can be identified by a 436-10 transaction on the Forfeiture Activity Report.

Processing description: If a participant fails to present their distribution check for payment after the Outstanding Check Policy timeframe has lapsed (see 2.11 Outstanding Check Process for additional detail), the action taken will depend on the participant and the plan's setup per the plan documents. Generally, the check is stopped and returned to the plan as a reverse withdrawal in the participant's account. Then it's transferred out of the participant's account as a 435-10 transfer and into the Forfeiture account as a 436-10 transfer. When the check is re-issued the processing would follow the above in reverse meaning a 436-10 out of the Forfeiture account, 435-10 into the participant's account, and 09-Withdrawal out of the participant's account with a new check issued to the participant.

### **How can I identify processing related to corrections for late contributions or 'mistake of fact' in the Forfeiture account?**

A correction to a contribution amount that is funded from (-) or offset to (+) the Forfeiture account is processed as a 219-CONTRIB ADJ 1-Contributions transaction in the Forfeiture account. Any market value adjustment for earnings associated with a correction (+/-) that is funded from (-) or offset to (+) the Forfeiture account is processed as a 699-ADJUSTMENT 16-Adjustment.

### **May a plan sponsor use the forfeiture account to fund future employer contributions and/or pay plan expenses? (Ref: Plan Doc)**

A company may use the forfeiture account, if permitted by the plan document, to pay future employer contributions, plan related administrative expenses and/or to reallocate such forfeitures among the accounts of eligible participants. Contributions income on the SOPO may appear inaccurate due to use of the forfeiture offsets to fund the contributions.

Generally, forfeitures are to be exhausted during the plan year in which they are incurred, or no later than the following plan year in appropriate circumstances. A plan's document will specify the timing of forfeiture usage.

### **How can I identify amounts in the Forfeiture account used to pay plan expenses?**

When the plan directs Fidelity to pay plan expenses from the Forfeiture account it will be processed as Transaction Type -13-Fees and initiated via a service request. An outside vendor fee paid out of the Forfeiture account per client direction is processed as a 575-ADMINISTRATIVE FEES 13-Fees transaction. A fee paid for a Fidelity Invoice per client direction is processed as 579-OTHER RECORDKEEPING FEE 13-Fees transaction. See Section 2.6 Auditing Plan Expenses for additional detail.

## 3.0 STATEMENT ON STANDARDS FOR ATTESTATION ENGAGEMENTS (SSAE 18) / AT-C 320

SSAE 18/AT-C 320 serves as the guidance for reporting on a service organization's controls relevant to user entities' internal control over financial reporting (financial statements). SSAE 18/AT-C 320 is applicable when an entity (plan administrator) outsources a business task or function to another entity (service provider) and the data resulting from that task or function is incorporated in the plan administrator's financial statements.

Fidelity Workplace Services (FWS) and its affiliated companies provide processing, recordkeeping, and trustee services to client retirement plans and has engaged PricewaterhouseCoopers, LLP, an independent auditor, to issue a Type II SOC 1 report on those services. A Type II report is the most comprehensive type of report available under SSAE 18/AT-C 320 and is useful in providing plan auditors with valuable information regarding Fidelity's controls and the effectiveness of those controls. This will assist plan auditors in the planning of their audits and will likely reduce the time auditors would otherwise spend on the audits and the expenses associated with them.

The DC Recordkeeping SSAE 18/AT-C 320 reporting (SOC 1 Report) is reported under Fidelity Workplace Services LLC (FWS). FWS is a wholly owned subsidiary of FMR LLC ("Fidelity" or "Fidelity Investments"). FWS is headquartered in Massachusetts and has ten major operations and service locations in the United States and India. FWS performs processing and administrative servicing functions for certain investment options offered under retirement plans for which FWS serves as the contractual recordkeeping agent, inclusive of those for which Fidelity Management Trust Company (FMTC) serves as directed trustee or custodian.

### Which Fidelity SOC 1 Reports are available?

#### **For all Defined Contribution Plans with Fidelity Workplace Services, LLC (FWS) Recordkeeping Services**

- **FWS LLC DC Recordkeeping** - includes 401(k) and 403(b) plans
- **FTG (Fidelity Technology Group)** – (systems)

Both reports are available on the **PSW® Home page** - under **Quick Links**, click on **SOC 1 REPORTS**. Under **SOC 1 information**, choose the SOC 1 report that you want. Please note the FWS and the FTG SOC 1 reports applicable to defined contribution plans have a reporting year of November 1<sup>st</sup> to October 31<sup>st</sup>.

#### **Additional SOC 1 Reports**

- **FFIO** - Fidelity Fund and Investment Operations – available **ONLY** for plans with non-registered investment vehicles managed by FFIO (FMTC MIP, MIP2, Fidelity Advisor Stable Value Fund and commingled pools; FIAM commingled pools), unitized stock funds, strategy funds, separate accounts, and synthetic GICs. See Section 3.9 to determine which funds may apply.
- **NFS** - National Financial Services, LLC – available **ONLY** for plans with Fidelity self-directed brokerage (SDB) accounts
  - If applicable to a plan, the FFIO and NFS reports will be provided with Plan Year End Summary (year-end reporting) in the **Administer Plans** tab.

#### **Bridge Letters**

Fidelity annual SOC 1 Reports cover the period from November 1st – October 31st. To provide an update on the health of the control environment covered in the SOC 1 Reports for periods after this, Fidelity issues quarterly SOC 1 certification letters (bridge letter).

The FWS and FTG Quarterly certification letters usually become available 10 business days after the quarter-end and are then posted to the PSW® Home page, under *Quick Links > SOC 1 Reports*.

The FWS quarterly SOC 1 certification letter covers all relevant Fidelity SOC 1 reports supporting the plan’s defined contribution recordkeeping services, including the NFS and FFIO SOC 1 reports.

**SSAE 18/AT-C 320 and SOC 1 Resources:**

[AICPA SSAEs – currently effective](#) | [Resources](#) | [AICPA & CIMA](#)

3.1	<b>What type of information can Fidelity provide regarding protecting participant and plan data?</b>	<p>See Section 3.11 on Fidelity’s information security policy programs. For additional plan sponsor resources on cybersecurity, go to PSW® and within the ‘Library’ tab, choose ‘Managing Plans’. Under ‘Filter by’, choose ‘Online Security’ and click on ‘Protecting What Matters’.</p> <p>The following resources will be available: SOC 2, ISO 27701 and 27001/27017 Certifications, Resiliency Statement, SIG Questionnaire, DOL Guidance Whitepaper, Information Security Program, Customer Protection Guarantee, and more.</p> <p>Because the SOC 2 is not support for financial statement audits, a bridge letter is not issued.</p>
3.2	<b>Why is the bridge letter for the FWS SOC 1 signed by FWI?</b>	<p>The DC Recordkeeping Gap Letter is supported by Fidelity Workplace Investing (FWI). FWI is a business unit of FWS, and FWI is responsible for the recordkeeping for DB and DC plans. The president of FWI is responsible for the certification that covers the DB and DC reports</p>
3.3	<b>Are nonqualified deferred compensation plans covered in the FWS DC Recordkeeping SOC 1 Report?</b>	<p>Yes, although not specifically mentioned, nonqualified deferred compensation plans are included in the sample testing and are thereby covered by the DC Recordkeeping SOC 1 Report.</p>
3.4	<b>Why does the FTG SOC1 report no longer have a section on complimentary user entity controls (CUECs)?</b>	<p>The FTG SOC 1 is a companion report that goes out with other Business Unit SOC 1 reports (FWS, NFS, FFIO). Historically, the FTG report included ‘considerations’ intended for the Business Unit reports (ex. Business Unit reports should have controls that cover application changes), as opposed to the user entities of the reports. Because the FTG report should be read in conjunction with the Business Unit reports, and the reader can see the end-to-end picture of what is being covered, it was determined that these considerations should not be included in the FTG SOC 1. As long as the reader receives both the Business Unit and FTG reports, they can see that everything is covered.</p>

3.5	<p><b>Why does the DC recordkeeping SOC 1 use FWS, instead of FIIOC?</b></p>	<p>Fidelity Workplace Services LLC (FWS) is a wholly owned subsidiary of FMR LLC (“Fidelity” or “Fidelity Investments”). Fidelity Investments is headquartered in Massachusetts and has major operations and service locations in the United States and India. FWS performs processing and administrative servicing functions for certain investment options offered under retirement plans for which FWS serves as the contractual recordkeeping agent, inclusive of those for which Fidelity Management Trust Company (FMTC) serves as directed trustee or custodian.</p> <p>Fidelity Workplace Investing (FWI), a functional business unit of FWS, provides a broad array of integrated services to the employer-sponsored retirement plan, including defined contribution (“DC”) and defined benefit retirement plan administration. FWI’s DC services are provided through Fidelity Investments Institutional Operations Company LLC. (“FIIOC”).</p> <p>FIIOC is wholly owned by FWS and is registered with the U.S. Securities and Exchange Commission as a transfer agent. In addition to serving as the named transfer agent for the Fidelity Investments group of mutual funds, FIIOC provides transaction processing and administrative recordkeeping services for FWI’s DC recordkeeping clients.</p>
3.6	<p><b>Does Fidelity Management Trust Company (FMTC) have a separate SOC 1 report?</b></p>	<p>FMTC does not have a SOC 1 report. Where FMTC has been engaged by the plan administrator as trustee, other Fidelity companies as agents for FMTC fulfill the various responsibilities on behalf of FMTC. FMTC contracts with FWS, FTG and FFIO to perform some of the trustee and investments management responsibilities. These entities are also maintaining the books and records for FMTC. FMTC performs oversight activities over contractual services provided by affiliates and it retains the performance obligations under the client contracts.</p>
3.7	<p><b>What were the relevant changes that came out of the 2017 updates to SSAE 18?</b></p>	<ol style="list-style-type: none"> <li>1) Service organizations should remove any non-key controls that are not necessary to achieve the control objectives.</li> <li>2) Service organizations should assess the subservice organizations carved out of their SOC 1 reports and document those controls they assumed to be in place at the subservice organization when designing their system. In performing this assessment, they may consider reviewing SOC 1 reports received from their subservice organizations to understand the controls they have detailed within the description of their system.</li> </ol>
3.8	<p><b>Can Fidelity help with completing questionnaires related to Complimentary User Entity Controls (CUEC) and how they may be applicable to a plan sponsor? See below for each SOC 1 with CUECs.</b></p>	<ul style="list-style-type: none"> <li>• <b>FWS DC Recordkeeping</b> – Illustrative controls have been included in the FWS DC Recordkeeping SOC 1 report. The list is not intended to be all inclusive and plan sponsors do not need to have all of these controls in place to meet the CUECs. These controls are illustrative of the types of activities typical of a plan sponsor to meet the CUECs and would include the necessary components for meeting the specified controls. The auditor may request to review the plan sponsor’s records related to the CUEC’s therefore documenting this process is a best practice.</li> <li>• <b>NFS</b> – For plans with SDB accounts – None of the CUECs listed in the reports are specific to plan sponsor controls.</li> <li>• <b>FFIO</b> – For plans with non-registered Fidelity funds – CUECs may be applicable to the plan sponsor. Information on FFIO CUECs may be requested from the Fidelity Audit Support team.</li> </ul>
3.9	<p><b>Is there an easy way to determine what types of investments the plan holds to determine which type of SOC 1 report may need to be reviewed?</b></p>	<p>Each investment in the plan is assigned a specific fund code. The fund code can be found on the trial balance. Different types of fund codes are assigned to the different types of investments.</p> <p>See the table below as an example to determine what type of investments you pan may have.</p>

3.10

How can Fidelity help plan sponsor with the Illustrative Control to periodically review and recertify user access privileges to PSW®?

Every 6 months, Fidelity sends a reminder to the client to prompt them to review and recertify user access privileges to PSW®. The plan sponsor can review user access on PSW® by navigating to the hamburger menu (3 lines left of the PSW® logo), under **User Maintenance** click 'Summary'. In the 'User actions' box, click 'Review user access' and enter the plan number. You will see a table of Active and Deleted User(s) including the username, Type of User, Last Access Date, Last Access Time, Days Last Accessed, and Setup Date. Click 'View Access' to view or modify PSW® access for an individual user. The auditor may request to review the plan sponsor's records related to the CUECs, therefore **documenting this process is a best practice.**

Example of Trial Balance and Fund Codes:

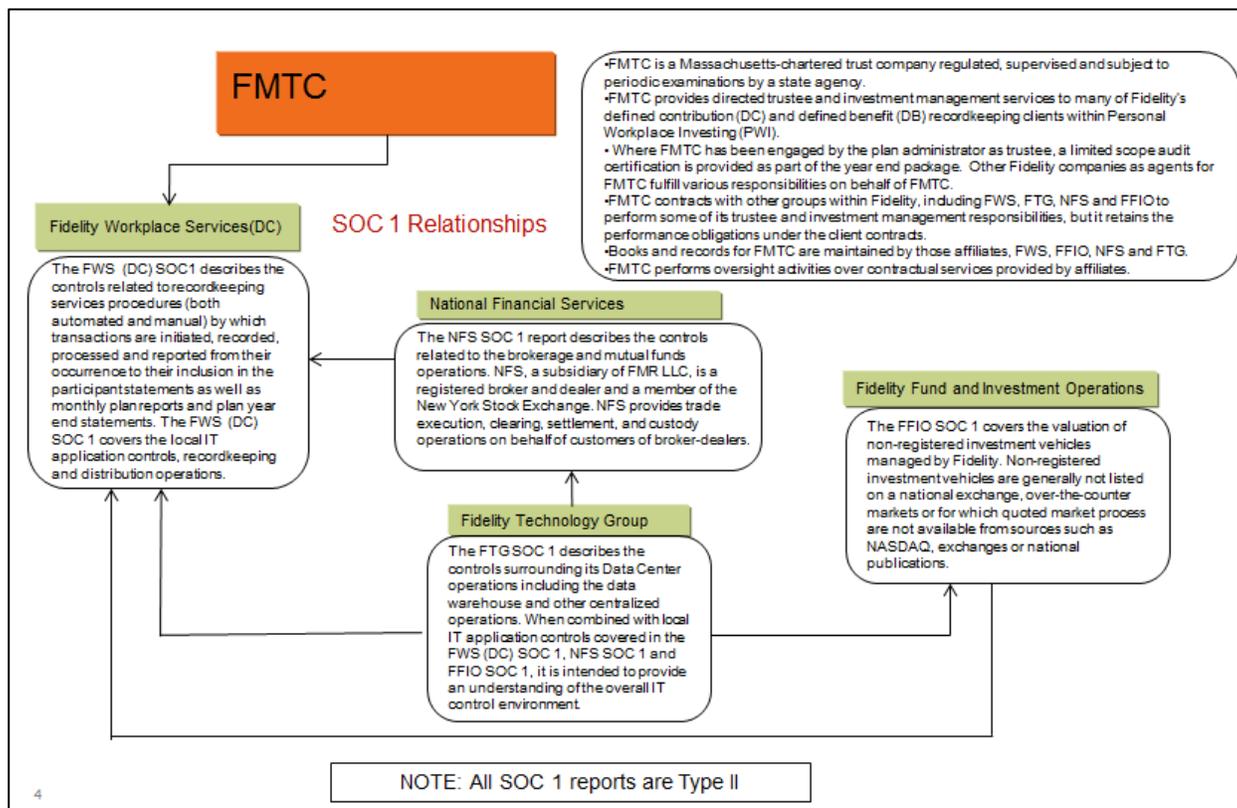
PROGRAM: TRIALBAL -U (12345) FIDELITY PARTICIPANT RECORDKEEPING SYSTEM PAGE: 2		TIME: 03:23 FIDELITY COMPANY SAVINGS PLAN DATE: 01/16/2011	
***** MARKET VALUE REPORT *****			
FUND CODE	FUND NAME	12/31/2009	12/31/2010
0022	ID CONTRAFUND	136,722.329	146,760.899
0023	ID SOCIETY INCOME	39,299.863	0.000
0032	ID INTERMED BOND	393,228.073	503,193.536
0039	ID VALUE	0.000	0.000
0304	ID BALANCE	427,335.392	464,897.811
0307	ID CASH APPROPRIATION	50,497.993	49,321.729
0316	ID FIDELITY LOW PR STK	148,869.439	153,254.187
0326	ID UNDESIGNED INTL	169,089.108	176,535.027
0369	ID PERFORM INCOME	41,279.675	41,939.135
0370	ID PERFORM 2000	16,088.983	18,934.336
0371	ID PERFORM 2010	24,846.696	32,198.049
0372	ID PERFORM 2020	190,432.773	213,901.329
0373	ID PERFORM 2030	108,793.768	129,674.271
0630	FIDELITY FLEXIBLE BOND	15,793,462.400	15,108,536.370
0632	ID M2C INC PORT	1,189,040.220	1,484,341.080
0718	ID PERFORM 2040	446,478.386	525,155.656
0719	PERFORM 2050	364,164.963	199,294.356
1112	ID PERFORM 2015	82,962.624	99,097.609
1114	ID PERFORM 2025	76,758.382	99,500.246
1115	ID PERFORM 2035	98,747.857	127,399.734
1417	ID PERFORM 2044	50,839.783	90,340.988
1618	ID PERFORM 2050	422,680.539	834,647.533
OPBA	PERFORM PR CASH VAL T	3,959.794	3,959.794
OPFK	BOND GLOBAL RD INV	34,632.596	55,979.509
ORCA	SCHEM STRAT INC Y	32,878.253	84,979.321
ORCN	SCHEM MID CAP VAL I	0.000	57,375.054
ORND	SCHEM GROWTH S	120,233.882	130,045.049
ORNG	SCHEM LOW PR STK	134,498.243	139,550.263
OPNY	IF PARTNERS A	13,282.084	13,823.016
OPIT	IF PARTNERS INVE RS	231,942.254	239,996.433
OPVL	IF PARTNERS	7,516.614	9,739.424
OPVZ	SCHEM LG CAP VAL I	0.000	149,295.249
TOTAL MARKET VALUE :			

Associating Fund Code to SOC 1 Report

Trial Balance Fund Codes	Associated SOC 1
Begins with a number (0,1,...) = Fidelity Funds	FWS – DC RK
Begins with a letter O, H, or P = Non-Fidelity Funds	FWS – DC RK
BLNK or BLNC – self-directed brokerage accounts	NFS
G = GIC or Synthetic GIC	FFIO
T = Custom/unitized fund specific to the employer/plan	FFIO
J = Unitized digital asset account specific to the employer	FFIO
RT or W = Real time traded stock	FWS – DC RK
ST = Share accounted stock	FWS – DC RK



### 3.11 Fidelity Agencies and SOC 1 Relationship



### 3.12 Fidelity Cybersecurity Controls

Fidelity’s information security policy program incorporates regulatory requirements, industry best practices, and global security standards to ensure authorized persons and systems have access to reliable data when they need it. In addition to keeping our business running, information security also gives us a competitive advantage through customer trust, system stability, and innovative advancements. Our information security policies establish the framework for managing the risks of accidental or unauthorized use, disclosure, modification, or destruction of information, and for protecting our information systems. The Enterprise Cybersecurity group manages information security policies based upon risk assessments, business needs, regulatory requirements, changing technologies, emerging threats, and incidents. These policies govern the execution of information security programs, which are overseen and managed from the center and executed at both the business unit and corporate levels. These programs include vendor risk assessments, technology risk assessments, and deep reviews of current events and security bulletins from authoritative sources.

Fidelity has established a comprehensive cyber incident mitigation strategy and response plan. This strategy is designed to analyze threats to the organization’s technology infrastructure, assess critical assets and their vulnerabilities, and respond by controlling the most critical assets or risks. Fidelity has dedicated teams that receive automated security alerts from various systems. Fidelity has clearly defined escalation and analytical processes in place to identify the root cause, assess the risk exposure, minimize the impact of the threat, and protect business operations. Where appropriate, personnel will preserve the necessary evidence, inform legal authorities, and perform forensic analyses. The agreement between Fidelity and its clients may specify breach

reporting requirements. In the absence of such requirements, Fidelity will follow notification requirements specified under applicable data privacy or data breach laws.

Fidelity also maintains a comprehensive external audit program which provides independent assurance by testing and validating controls each year. Audits include Systems and Organizational Controls, or SOC 1 Type II, SOC 2 Type II, ISO 27001/27017, ISO 27701 and HITRUST.

The annual SOC 1 Type II audits are performed by an independent audit firm for the Defined Contribution (DC), Defined Benefits (DB), Health and Welfare (H&W), Payroll Services, and Stock Plan Services (SPS) lines of business and for Fidelity Data Centers (FTG). The SOC 2 Type II audit, also performed by an independent audit firm, applies to Defined Contribution (DC), Defined Benefits (DB), Health and Welfare (H&W), Stock Plan Services (SPS), Health Savings Accounts (HSA), and Fidelity Health Benefits (FHB) lines of business and provides assurances about the effectiveness of controls relevant to the security of systems used to process data. Although the audit reports are distributed annually, the auditing firm inspects the control environment throughout the year. Any exceptions are addressed by a management action plan and monitored through resolution.

These audits include, but are not limited to, validating the following security controls:

- User access is assigned according to the user's job function, and access privileges are reviewed on a periodic basis
- Access is removed when an employee transfers to a new role or is terminated
- Implementation of firewall solutions with mature security administration processes
- Performance of regular vulnerability assessments and penetration tests
- Physical and environment security controls in our data center environments
- Systems development and maintenance; change and incident management; and network management controls

Complementing the SOC audit program, Fidelity maintains a series of ISO certification covering data security, cloud security, and data privacy. In 2021, Fidelity expanded the scope of its existing ISO 27001 Information Security Management System (ISMS) certification to include ISO 27017 certification, which provides a strong independent/objective validation that the ISO 27017 controls have been properly implemented in our cloud environments. Our combined ISO 27001/ISO 27017 certification, first achieved in 2021, demonstrates that Fidelity is committed to the most rigorous security standards for both our on-premise and cloud environments. ISO 27017 is a security standard that provides additional guidance and implementation advice on information security aspects specific to cloud computing and addresses unique situations facing cloud service providers and their customers, such as shared roles and responsibilities, roles-based access security and monitoring of cloud services. The Fidelity ISO 27001/27017 scope includes the protection of customer personally identifiable information, stored in Fidelity systems including private, hybrid and public cloud platforms, used in support of Defined Contributions, Defined Benefits, Health and Welfare, Personalized Planning & Advice, Workplace Consulting, Flex, Workplace Giving, Fidelity Advantage 401(k), Student Debt, Stock Plan Services, Stock Plan Services Global and Health Savings Accounts, Fidelity Medicare Services, Fidelity Digital Assets, Fidelity Private Shares, and Financial Wellness.

Fidelity's Privacy Information Management System (PIMS) is certified against ISO 27701, the world's first privacy certification. ISO 27701 draws from a broad range of domestic and international laws and regulations providing comprehensive assurance to our customers that our focus is not only on security, but also

protecting the privacy of their data. The privacy certification supports Defined Contributions, Defined Benefits, Health and Welfare, Health Savings Accounts, Student Debt, Stock Plan Services, Workplace Consulting, and Workplace Giving.

The Fidelity ISMS and PIMS are independently verified by a recognized leader in conformity assessment and certification services and requires annual routine surveillance on-site assessments of in-scope Fidelity locations (in the United States, Ireland, and India) and controls.

Lastly, in 2023, Fidelity also achieved the HITRUST i1 cybersecurity certification. HITRUST establishes the cyber security requirements for the healthcare industry over the protection of Protected Health Information (PHI) and sensitive health data. Fidelity's HITRUST i1 2023 scope includes Health Care Expense Management, Health & Welfare recordkeeping systems, Health Savings Accounts (HSA) Track & Pay, and Fidelity Medicare Services.

Fidelity's SOC audit results have been unqualified and ISO/HITRUST certifications identified zero non-conformities. The SOC reports and ISO/HITRUST certification letters are posted on Fidelity Plan Sponsor WebStation (PSW)<sup>®</sup>, our plan sponsor administration portal: [Protecting What Matters: Our customers' trust & financial future \(PSW\)](#).

### **3.13 Appian - Simplified Contribution Platform (SCP)**

Fidelity Workplace Services (FWS) uses Appian, for the use of a platform they provide that the Simplified Contribution Platform application is on. The SCP application allows for Plan Sponsor entry of contribution instructions for 403(b) accounts with accompanying funding.

The scope for Appian is very small; it is only applicable for some 403(b) plans in Fidelity's Tax-Exempt Market that may be utilizing a multi-vendor approach. Appian is not applicable for 401(k) plans.

See the FWS DC Recordkeeping SOC 1 report for more information on the support that Appian provides, and on monitoring that FWS performs.

### **3.14 Cloud Infrastructures and How to Determine if Applicable to Your Retirement Plan**

Fidelity Technology Group (FTG) provides five infrastructure platforms to manage computing and recordkeeping services. Of the five platforms, three are internal to Fidelity – Mainframe, Distributed Platforms, and an Internal Private Cloud. Fidelity uses Public Clouds externally hosted by Amazon Web Services (AWS) and Microsoft Azure ('Azure').

ServiceNow, Inc ('ServiceNow') has also been added as a subservice organization. ServiceNow is used by Fidelity for internal service system tickets and is not involved in plan administration.

Each SOC 1 report includes a list of applications that is used by the business units. The list includes the name of the application, a description of the application, and the infrastructure platform that the application resides on or is hosted by. The illustration below is an example of what the table in each report looks like. Simply search for this table in each SOC 1 and review the Infrastructure Platform column to determine which applications are hosted by the Public Cloud.

V. Systems

The following section describes systems, including applications and databases that are used to support the data center operations.

Applications	Description	Infrastructure Platform
--------------	-------------	-------------------------

**Request for AWS SOC 1** - AWS does not permit Fidelity to share their compliance reports. Per AWS direction, please access AWS compliance reports using your own AWS Account. If you do not already have an account, you may create an AWS Account free of charge on the [AWS Management Console](#). Reports are available in the Console by navigating to Products, then select Artifact under Security, Identity & Compliance.

**Request for Azure SOC 1** – Microsoft does not permit Fidelity to share their compliance reports. You may access Azure compliance reports on [Microsoft’s website](#) by using your own Microsoft account of if you are not a Microsoft cloud services customer, you may sign up for a free trial.

Additional information on how Fidelity monitors the services performed by AWS and Azure can also be found in the Fidelity Technology Group (FTG) SOC 1 report.

## 4.0 PLAN YEAR END REPORT MAPPING

The PYES package is an overview of the plan assets as of the end of the plan year and plan activity during the plan year. The PYES includes info needed to complete the Form 5500. This section provides an overview of the reports as well as the correlations between them.

## 4.1 Summary of Net Trust Assets/Summary of Net Assets for 403(b) Plans

The Summary of Net Trust Assets/Summary of Net Assets for 403(b) plans provides a snapshot of plan assets on the last day of the plan year (Fig. 4.1.1). This report details the cash and share balances of each fund in the plan. Figure 4.1.2 shows an explanation of the fields in the SONTA/SONA. The fund balances on the SONTA/SONA directly correlate to those detailed on the Market Value Report within the Trial Balance (Fig. 4.1.3).

Figure 4.1.1

Plan 99999 ABC Test Plan Run Date: 03/03/2009				
SUMMARY OF NET TRUST ASSETS/SUMMARY OF NET ASSETS FOR 403(b) PLANS				
A	B	C	D	E
Fund Name (Cusip #)	Share Balance 12/31/2008	Historical Cost	Price	Total Market Value
SPARTAN INTL INDEX	0.000	\$0.00	\$26.74	\$0.00
FIDELITY RETIRE MMKT	0.000	\$0.00	\$1.00	\$0.00
FID MGD INC PORT	0.000	\$0.00	\$1.00	\$0.00
SPARTAN US EQ INDEX	0.000	\$0.00	\$31.90	\$0.00
FIDELITY US BD INDEX	0.000	\$0.00	\$10.79	\$0.00
FID FREEDOM 2040	0.000	\$0.00	\$5.59	\$0.00
FID FREEDOM 2005	0.000	\$0.00	\$8.39	\$0.00
FID FREEDOM 2015	0.000	\$0.00	\$8.56	\$0.00
FID FREEDOM 2025	0.000	\$0.00	\$8.23	\$0.00
FID FREEDOM 2035	0.000	\$0.00	\$8.03	\$0.00
FID FREEDOM 2045	0.000	\$0.00	\$6.58	\$0.00
FID FREEDOM 2050	0.000	\$0.00	\$6.46	\$0.00
OUTSTANDING LOAN BALANCE F				\$0.00
G NET ASSETS 12/31/2008				\$0.00

Assets are presented at fair value with the exception to fully benefit responsive investment contracts which are presented at contract value as in previous years.

Figure 4.1.2

Item	Topic	Description
A	Fund Name	Each plan asset by fund name; can be useful when determining asset classifications.
B	Share Balance	Number of shares held in the fund at the end of the plan year
C	Historical Cost	Provides the historical cost of the plan assets by fund
D	Price	Price of each fund on the last day of the plan year period
E	Total Market Value	Value of each fund on the last day of the plan year period
F	Outstanding Loan Balance	The outstanding loan balance as of the last day of the plan year period is shown as the last plan asset on the Summary of Net Trust Assets. <b>Note:</b> Amount may be less than the market value as of the end of the plan year period shown in the 'Summary of Plan Operations' report if there was any deemed no post activity in the plan, as the deemed no post loans are not reportable as plan assets pursuant to the guidelines for Form 5500 reporting.
G	Net Assets	Ending Market Value of plan at the end of the plan year. Fully benefit responsive fund assets are reported at contract value in lieu of fair value on the SONTA/SONA.

PROGRAM: TRIALBAL -U (99999)		FIDELITY PARTICIPANT RECORDKEEPING SYSTEM				PAGE: 2		
TIME: 09:47		ABC TEST PLAN				DATE: 03/03/2009		
I. MARKET VALUE REPORT								
FUND CODE	FUND NAME	<-----SHARES----->		<-----PRICE----->		<-----MARKET VALUE----->		MKT VALUE ALLOCATION
		12/31/2007	12/31/2008	12/31/2007	12/31/2008	12/31/2007	12/31/2008	
0025	FID GROWTH COMPANY	0.00	0.00	\$63.63	\$69.71	\$0.00	\$0.00	07.96%
0316	FIDELITY LOW PR STK	0.00	0.00	\$40.84	\$43.54	\$0.00	\$0.00	15.94%
0325	FID DIVERSIFIED INTL	0.00	0.00	\$32.54	\$36.95	\$0.00	\$0.00	13.85%
0340	FID SMALL CAP STOCK	0.00	0.00	\$18.30	\$19.01	\$0.00	\$0.00	04.08%
0369	FID FREEDOM INCOME	0.00	0.00	\$11.37	\$11.54	\$0.00	\$0.00	00.63%
0370	FID FREEDOM 2000	0.00	0.00	\$12.21	\$12.46	\$0.00	\$0.00	00.12%
0371	FID FREEDOM 2010	0.00	0.00	\$14.05	\$14.62	\$0.00	\$0.00	02.01%
0372	FID FREEDOM 2020	0.00	0.00	\$14.71	\$15.53	\$0.00	\$0.00	06.63%
0373	FID FREEDOM 2030	0.00	0.00	\$15.02	\$16.03	\$0.00	\$0.00	02.72%
0633	FID MGD INC PORT II	0.00	0.00	\$1.00	\$1.00	\$0.00	\$0.00	09.20%
0718	FID FREEDOM 2040	0.00	0.00	\$8.83	\$9.48	\$0.00	\$0.00	00.66%
OBHS	BERNSTEIN DIV VAL TR	0.00	0.00	\$39.71	\$46.97	\$0.00	\$0.00	11.98%
OFIP	FIM TOTAL RT INST	0.00	0.00	\$10.50	\$10.38	\$0.00	\$0.00	09.02%
OMWH	ROYCE LOW PR STK SER	0.00	0.00	\$15.53	\$16.83	\$0.00	\$0.00	02.51%
OMZG	VANGUARD INST INDEX	0.00	0.00	\$114.01	\$129.59	\$0.00	\$0.00	12.70%
TOTAL MARKET VALUE :						\$0.00	\$0.00	
NET CHANGE :							\$0.00	

Figure 4.1.3

Asset Classification	Characteristics	Mapping to the 5500 Worksheet, page 1	Example
Registered Investment Company Funds	Mutual Funds priced on the open market on a daily basis	Interest in Registered Inv. Companies [1(c)(13)]	Fidelity Growth Company Fund
Money Market Funds	Mutual fund that aims to pay money market interest rates. ( <i>Money Market Funds with a floating NAV will be mapped to Reg. Investment Company.</i> )	Interest-bearing Cash [1(c)(1)]	Fidelity Retirement Money Gov't Market Fund
Common/Collective Trusts (CCT)	Fund which offers investors many of the same benefits as a mutual fund without the same fee structure.	Interest in Common/Collective Trust [1(c)(9)]	Fidelity Managed Income Portfolio Fund
Loans	Participant withdrawal paid back over a specified time period	Loans to Participants [1(c)(8)]	Loans
Share Accounted Stock Fund	Shares of plan stock held by participants; stock is priced at the end of business.	Employer Securities [1(d)(1)]	XYZ Company Stock
Stock Purchase Account	Settlement account used during the trading process for share accounted and real time traded stock.	Employer Securities [1(d)(1)]	XYZ Company Stock Purchase Account
Real Time Traded Stock Fund	Shares of plan stock held by participants; stock is priced as of the time shares are purchased.	Employer Securities [1(d)(1)]	ABC Company Stock
Self Directed Brokerage Account	Participant-directed fund which houses multiple types of investments. Similar to an individual brokerage account.	Varies depending on the underlying assets	Brokerage Link
Unitized Stock Fund	Investment consisting of company stock and a cash component. The cash component allows movement within the fund without the settlement period.	Varies depending on the underlying assets	EFG Company Stock Fund
Synthetic GIC's	Investment consisting of multiple underlying assets. These assets generally are insurance contracts but can be other investment types i.e. Money Market Funds, Common/Collective Trusts, etc.	Varies depending on the underlying assets	Stable Value Fund
Strategy Fund	Investment consisting of multiple underlying assets; funds are established with a certain goal in mind, i.e. growth, asset preservation, etc.	Varies depending on the underlying assets	Moderate Income Fund

When mapping the plan assets from the SONTA/SONA to the 5500 worksheet, it is important to understand how to classify funds in the plan. The majority of plan assets are typically comprised of Registered Investment Company, Money Market and Common/Collective Trust funds. Depending on the plan's investment options, there may be additional investment types appearing on the SONTA/SONA. Fig. 4.1.4 details different asset classification types, provides a guide for mapping assets to the asset and liability page of the 5500 Worksheet (Fig. 4.1.5) and includes an example of each classification type.

Plan: 99999		ABC Test Plan		Run Date:03/03/2009	
5500 Worksheet					
Part I Asset and Liability Statement	Schedule H Line Item	Schedule I Line Item	Beginning Of Year	End Of Year	
<b>ASSETS</b>					
A. Noninterest-bearing Cash	1(a)		\$0.00	\$0.00	
B. Receivables					
Employers	1(b)(1)		\$0.00	\$0.00	
Participants	1(b)(2)		\$0.00	\$0.00	
Other	1(b)(3)		\$0.00	\$0.00	
C. General Investments					
Interest-bearing Cash	1(c)(1)		\$0.00	\$0.00	
U.S. Government Securities	1(c)(2)		\$0.00	\$0.00	
Non-Emp Corp Debt Instr(Preferrd)	1(c)(3)(A)		\$0.00	\$0.00	
Non-Emp Corp Debt Instr(All Other)	1(c)(3)(B)		\$0.00	\$0.00	
Non-Emp Corp Stock(Preferrd)	1(c)(4)(A)		\$0.00	\$0.00	
Non-Emp Corp Stock(Common)	1(c)(4)(B)		\$0.00	\$0.00	
Partnership/Joint Venture Interests	1(c)(5)	3(a)	\$0.00	\$0.00	
Non-Employer Real Estate	1(c)(6)	3(c)	\$0.00	\$0.00	
Loans (other than to participants)	1(c)(7)	3(f)	\$0.00	\$0.00	
Loans to Participants	1(c)(8)	3(e)	\$0.00	\$0.00	
Interest in Common/Collective Trusts	1(c)(9)		\$0.00	\$0.00	
Interest in Pooled Separate Accounts	1(c)(10)		\$0.00	\$0.00	
Interest in Master Trust Invest. Ent.	1(c)(11)		\$0.00	\$0.00	
Interest in 103-12 Investment Ent.	1(c)(12)		\$0.00	\$0.00	
Interest in Registered Inv. Companies	1(c)(13)		\$0.00	\$0.00	
Funds Held in Insurance Comp Gen Act	1(c)(14)		\$0.00	\$0.00	
Other	1(c)(15)		\$0.00	\$0.00	
D. Employer Related Investment					
Employer Securities	1(d)(1)	3(d)	\$0.00	\$0.00	
Employer Real Property	1(d)(2)	3(b)	\$0.00	\$0.00	
E. Buildings/Other Prop. Used in Plan Op	1(e)	3(g)	\$0.00	\$0.00	
F. Total Assets	1(f)	1(a)	\$0.00	\$0.00	
<b>LIABILITIES</b>					
G. Benefit Claims Payable	1(g)		\$0.00	\$0.00	
H. Operating Payables	1(h)		\$0.00	\$0.00	
I. Acquisition Indebtedness	1(i)		\$0.00	\$0.00	
J. Other Liabilities	1(j)		\$0.00	\$0.00	
K. Total Liabilities	1(k)	1(b)	\$0.00	\$0.00	
<b>NET ASSETS</b>					
L. Net Assets	1(l)	1(c)	\$0.00	\$0.00	

For detailed assistance on how to file the Form 5500 Master Trust filing, see [Section 7](#) on Master Trusts.

Assets are presented at fair value with the exception to fully benefit responsive investment contracts which are presented at contract value as in previous years. See [Section 7](#) for financial statement presentation and disclosure information.

It is important to understand the structure of the holding and classification requirements for amounts listed in Interest in Common/Collected Trust or Other on the 5500 worksheet.

Figure 4.1.5

## 4.2 Summary of Plan Operations (SOPO)

The SOPO provides a breakdown of the plan's activity during the plan year. The SOPO includes a SOPO Totals page providing a rollup of the plan activity, the Summary of Total Loan Activity (SOTLA) providing detailed loan info and individual fund pages detailing activity for each fund in the plan.

### 4.2.1 Summary of Plan Operations Totals Page - Receipts

The first page of the SOPO is the 'SUMMARY OF PLAN OPERATIONS (TOTALS)' page containing fund and loan activity columns. The activity is broken into 'TOTAL RECEIPTS' and 'TOTAL DISBURSEMENTS'. 'TOTAL RECEIPTS' primarily maps to the 'INCOME' section of the 5500 Worksheet, with some items mapping to 'EXPENSES'. The mapping of the 'TOTAL RECEIPTS' section of the SOPO Totals page (Fig. 4.2.1.1) to the 5500 Worksheet (Fig. 4.2.1.2) is detailed in Fig. 4.2.1.3.

**Note on J below:** Loan interest labeled by J includes interest accruing on loans deemed a distribution without post default payments or offsets. This interest is not reportable on Form 5500 and is not included as income on the 5500 Worksheet in Interest on Participant Loans.

Plan: 99999 ABC Test Plan Run Date: 03/03/2009			
SUMMARY OF PLAN OPERATIONS (TOTALS)			
	TOTAL FUND ACTIVITY	TOTAL LOAN ACTIVITY	TOTAL PLAN ACTIVITY
Market Value as of 12/31/2007	\$0.00	\$0.00	\$0.00
Adjust to prior year Balance	\$0.00	\$0.00	\$0.00
<b>A. TOTAL RECEIPTS</b>			
Contributions/Employer COMPANY MATCH	<b>A</b> \$0.00	\$0.00	\$0.00
QNEC	\$0.00	\$0.00	\$0.00
PROFIT SHARING	\$0.00	\$0.00	\$0.00
Contributions/Employee EMPLOYEE DEFERRAL	<b>B</b> \$0.00	\$0.00	\$0.00
CATCH-UP DEFERRAL	<b>B</b> \$0.00	\$0.00	\$0.00
ROLLOVER	<b>C</b> \$0.00	\$0.00	\$0.00
Interest and Dividends	<b>D</b> \$0.00	\$0.00	\$0.00
Realized Gain/Loss	<b>E</b> \$0.00	\$0.00	\$0.00
Unrealized Gain/Loss	<b>F</b> \$0.00	\$0.00	\$0.00
Loan Repayment (Principal)	<b>G</b> \$0.00	\$0.00	\$0.00
Loan Repayment (Interest)	<b>I</b> \$0.00	<b>H</b> \$0.00	\$0.00
Exchange In	<b>K</b> \$0.00	\$0.00	\$0.00
Forfeiture Credit	<b>L</b> \$0.00	\$0.00	\$0.00
Balance Forward	<b>M</b> \$0.00	<b>N</b> \$0.00	\$0.00
Transfer In	<b>O</b> \$0.00	<b>P</b> \$0.00	\$0.00
Adjustment (+)	<b>Q</b> \$0.00	<b>R</b> \$0.00	\$0.00
<b>TOTAL RECEIPTS</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>A. TOTAL DISBURSEMENTS</b>			
Benefit Payments	\$0.00	\$0.00	\$0.00
Forfeiture Debit	\$0.00	\$0.00	\$0.00
Administrative Fee	\$0.00	\$0.00	\$0.00
Exchange Out	\$0.00	\$0.00	\$0.00
Loan Withdrawal	\$0.00	\$0.00	\$0.00
Transfer Out	\$0.00	\$0.00	\$0.00
Adjustment (-)	<b>AB</b> \$0.00	\$0.00	\$0.00
Offset/Prev. Dfltd Loans	\$0.00	\$0.00	\$0.00
<b>TOTAL DISBURSEMENTS</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
Market Value as of 12/31/2008	\$0.00	\$0.00	\$0.00

Plan: 99999 ABC Test Plan Run Date: 03/03/2009				
5500 Worksheet				
Part II Income and Expense Statement	Schedule H Line Item	Schedule I Line Item		Amount
<b>INCOME</b>				
<b>A. Cash Contributions - Employer</b>	2(a)(1)(A)	2(a)(1)	<b>A</b>	<b>\$0.00</b>
Cash Contributions - Part.(Non-Rollover)	2(a)(1)(B)	2(a)(2)	<b>B</b>	<b>\$0.00</b>
Cash Contributions - Part.(Inc. Rollover)	2(a)(1)(C)	2(a)(3)	<b>C</b>	<b>\$0.00</b>
Non-Cash Contributions	2(a)(2)	2(b)		\$0.00
Total Contributions	2(a)(3)			\$0.00
<b>B. Interest on Interest-Bearing Cash</b>	2(b)(1)(A)	2(c)	<b>D,Q,AB</b>	<b>\$0.00</b>
Interest on U.S. Government Securities	2(b)(1)(B)	2(c)		\$0.00
Interest on Corp. Debt Instr.(Long Term)	2(b)(1)(C)(i)	2(c)		\$0.00
Interest on Corp. Debt Instr.(Short Term)	2(b)(1)(C)(ii)	2(c)		\$0.00
Interest on Loans (Other than to Part.)	2(b)(1)(D)	2(c)		\$0.00
Interest on Participant Loans	2(b)(1)(E)	2(c)	<b>I,J,R,AC</b>	<b>\$0.00</b>
Other Interest	2(b)(1)(F)	2(c)		\$0.00
Total Interest	2(b)(1)(G)			\$0.00
Dividends - Corporate Stock (Preferred)	2(b)(2)(A)	2(c)	<b>D</b>	\$0.00
Dividends - Corporate Stock (Common)	2(b)(2)(B)	2(c)		\$0.00
Reg. Invest. Company Shares	2(b)(2)(C)	2(c)	<b>D,Q,AB</b>	\$0.00
Total Dividends	2(b)(2)(D)	2(c)		\$0.00
Rents	2(b)(3)	2(c)		\$0.00
Net Real. Gain/Loss - Aggr. Proceeds	2(b)(4)(A)	2(c)		\$0.00
Net Real. Gain/Loss - Aggr. Carrying Amt	2(b)(4)(B)	2(c)		\$0.00
Net Real. Gain/Loss	2(b)(4)(C)		<b>E</b>	\$0.00
Unrealized Appr./Depr. - Real Estate	2(b)(5)(A)	2(c)		\$0.00
Unrealized Appr./Depr. - Other	2(b)(5)(B)	2(c)		\$0.00
Total Unrealized Appreciation/Depreciation	2(b)(5)(C)		<b>F,Q,AB</b>	\$0.00
Net Invest Gain/Loss - Com./Coll. Trust	2(b)(6)	2(c)	<b>E,F,AB,D,Q</b>	<b>\$0.00</b>
Net Invest Gain/Loss - Pooled Sep. Accts	2(b)(7)	2(c)		\$0.00
Net Invest Gain/Loss - Master Trust Accts	2(b)(8)	2(c)		\$0.00
Net Invest Gain/Loss - 103-12 Investment	2(b)(9)	2(c)		\$0.00
Net Invest Gain/Loss - Reg. Invest Comp	2(b)(10)	2(c)	<b>E,F</b>	\$0.00
<b>C. Other Income</b>	2(c)	2(c)		<b>\$0.00</b>
<b>D. Total Income</b>	2(d)	2(d)		<b>\$0.00</b>

For detailed assistance on filing the Form 5500 Master Trust filing, see [Section 7](#). Assets are presented at fair value with the exception to fully benefit responsive investment contracts which are presented at contract value as in previous years. See [Section 7](#) for financial statement presentation and disclosure information.

Figure 4.2.1.1

Item	SOPO	Mapping to the 5500 Worksheet, page 1
<b>A</b>	Employer Contributions	Cash Contribution - Employer 2(a)(1)(A)
<b>B</b>	Employee Contributions	Cash Contribution - Employee 2(a)(1)(B)
<b>C</b>	Rollover Contributions	Cash Contribution - Other 2(a)(1)(C)
<b>D</b>	Interest and Dividends	Maps by Fund Classification
<b>E</b>	Realized Gain/Loss	Maps by Fund Classification
<b>F</b>	Unrealized Gain/Loss	Maps by Fund Classification
<b>G</b>	Loan Repayment, Principal	Does not Map to 5500 Worksheet
<b>H</b>	Loan Repayment, Principal	Does not Map to 5500 Worksheet
<b>I</b>	Loan Repayment, Interest	Interest on Participant Loans 2(b)(1)(E)

Figure 4.2.1.2

Item	SOPO	Mapping to the 5500 Worksheet, page 1
<b>J</b>	Loan Repayment, Interest	Interest on Participant Loans 2(b)(1)(E)
<b>K</b>	Exchange In	Does not Map to 5500 Worksheet
<b>L</b>	Forfeiture Credit	Does not Map to 5500 Worksheet
<b>M</b>	Balance Forward	Assets Converted/Transferred to Fidelity
<b>N</b>	Balance Forward	Assets Converted/Transferred to Fidelity
<b>O</b>	Transfer In	Transfer of Assets to this Plan 2(l)(1)
<b>P</b>	Transfer In	Transfer of Assets to this Plan 2(l)(1)
<b>Q</b>	Adjustment, Positive	Maps by Fund Classification
<b>R</b>	Adjustment, Positive	Interest on Participant Loans 2(b)(1)(E)

## 4.2.2 Summary of Plan Operations Totals Page - Disbursements

The 'TOTAL DISBURSEMENT' section of the SOPO primarily maps to the 'EXPENSES' section of the 5500 Worksheet with some items mapping to the 'INCOME' section. The mapping of the 'TOTAL RECEIPTS' section of the SOPO Totals page (Fig. 4.2.2.1) to the 5500 Worksheet (Fig. 4.2.2.2) is detailed in Figure 4.2.2.3.

Corrective distributions reported on the 5500 Worksheet are part of the benefit payments (S) from the SOPO. Detailed reporting can be provided on the corrective distribution amounts.

Plan: 99999 ABC Test Plan Run Date: 03/03/2009			
SUMMARY OF PLAN OPERATIONS (TOTALS)			
	TOTAL FUND ACTIVITY	TOTAL LOAN ACTIVITY	TOTAL PLAN ACTIVITY
Market Value as of 12/31/2007	\$0.00	\$0.00	\$0.00
Adjust to prior year Balance	\$0.00	\$0.00	\$0.00
<b>A. TOTAL RECEIPTS</b>			
Contributions/Employer			
COMPANY MATCH	\$0.00	\$0.00	\$0.00
QNEC	\$0.00	\$0.00	\$0.00
PROFIT SHARING	\$0.00	\$0.00	\$0.00
Contributions/Employee			
EMPLOYEE DEFERRAL	\$0.00	\$0.00	\$0.00
CATCH-UP DEFERRAL	\$0.00	\$0.00	\$0.00
ROLLOVER	\$0.00	\$0.00	\$0.00
Interest and Dividends	\$0.00	\$0.00	\$0.00
Realized Gain/Loss	\$0.00	\$0.00	\$0.00
Unrealized Gain/Loss	\$0.00	\$0.00	\$0.00
Loan Repayment (Principal)	\$0.00	\$0.00	\$0.00
Loan Repayment (Interest)	\$0.00	\$0.00	\$0.00
Exchange In	\$0.00	\$0.00	\$0.00
Forfeiture Credit	\$0.00	\$0.00	\$0.00
Balance Forward	\$0.00	\$0.00	\$0.00
Transfer In	\$0.00	\$0.00	\$0.00
Adjustment (+)	\$0.00	\$0.00	\$0.00
<b>TOTAL RECEIPTS</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>A. TOTAL DISBURSEMENTS</b>			
Benefit Payments	<b>S</b> \$0.00	<b>T</b> \$0.00	\$0.00
Forfeiture Debit	<b>U</b> \$0.00	\$0.00	\$0.00
Administrative Fee	<b>V</b> \$0.00	\$0.00	\$0.00
Exchange Out	<b>W</b> \$0.00	\$0.00	\$0.00
Loan Withdrawal	<b>X</b> \$0.00	<b>Y</b> \$0.00	\$0.00
Transfer Out	<b>Z</b> \$0.00	<b>AA</b> \$0.00	\$0.00
Adjustment (-)	<b>AB</b> \$0.00	<b>AC</b> \$0.00	\$0.00
Offset/Prev. Dfltd Loans	<b>AD</b> \$0.00	<b>AD</b> \$0.00	\$0.00
<b>TOTAL DISBURSEMENTS</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
Market Value as of 12/31/2008	\$0.00	\$0.00	\$0.00

Figure 4.2.2.1

Plan: 99999 ABC Test Plan Run Date: 03/03/2009				
5500 WORKSHEET				
Part II Income and Expense Statement	Schedule H Line Item	Schedule I Line Item	Amount	
<b>EXPENSES</b>				
E. Payments to Participants and Beneficiaries	2(e)(1)		\$0.00	<b>S,T</b>
Pay. to Insur. Carr. for Provision Benefit	2(e)(2)		\$0.00	
Other Payments	2(e)(3)		\$0.00	
Total Benefit Payments	2(e)(4)	2(e)	\$0.00	
F. Corrective Distributions	2(f)	2(f)	\$0.00	<b>S</b>
G. Deemed Distributions of Participant Loans	2(g)	2(g)	\$0.00	<b>AD</b>
H. Interest Expense	2(h)		\$0.00	
I. Admin Expenses-Salaries and allowances	2(i)(1)		\$0.00	<b>V</b>
Admin Expenses-Contract Administrator Fee	2(i)(2)		\$0.00	<b>V</b>
Admin Expenses-Recordkeeping Fees	2(i)(3)		\$0.00	<b>V</b>
Admin Expenses-IQPA Audit Fees	2(i)(4)		\$0.00	<b>V</b>
Admin Expenses-Invest Adv and invest mgmt	2(i)(5)		\$0.00	<b>V</b>
Admin Expenses-Bank/trust comp cust fees	2(i)(6)		\$0.00	<b>V</b>
Admin Expenses-Actuarial fees	2(i)(7)		\$0.00	<b>V</b>
Admin Expenses-Legal fees	2(i)(8)		\$0.00	<b>V</b>
Admin Expenses-Valuation Appraisal fees	2(i)(9)		\$0.00	<b>V</b>
Admin Expenses-Other trustee fees and exp	2(i)(10)		\$0.00	<b>V</b>
Admin Expenses-Other expenses	2(i)(11)		\$0.00	<b>V</b>
Total Administrative Expenses	2(i)(12)	2(h)	\$0.00	
J. Total Expenses	2(j)(b)	2(j)	\$0.00	
<b>NET INCOME AND RECONCILIATION</b>				
K. Net Income/Loss	2(k)	2(k)	\$0.00	
L. Transfer of Assets to this Plan	2(l)(1)	2(l)	\$0.00	<b>O,P</b>
Transfer of Assets from this Plan	2(l)(2)	2(l)	\$0.00	<b>Z,AA</b>
Net Amount of Intra-Plan Transfers			\$0.00	
Assets Converted/Transferred to Fidelity			\$0.00	<b>M,N</b>
Adjust. to prior year balance			\$0.00	
Net Assets - Beginning of Year			\$0.00	
Net Assets - End of Year			\$0.00	

For detailed assistance on how to file the Form 5500 Master Trust filing, refer to [Section 7](#) on Master Trusts. Assets are presented at fair value with the exception to fully benefit responsive investment contracts which are presented at contract value as in previous years. See [Section 7](#) for financial statement presentation and disclosure information.

Figure 4.2.2.2

Item	SOPO	Mapping to the 5500 Worksheet, page 1	Item	SOPO	Mapping to the 5500 Worksheet, page 1
S	Benefit Payments	Payments to Participants and Beneficiaries 2(e)(1)	Y	Loan Withdrawal	Does not Map to 5500 Worksheet
T	Benefit Payments	Payments to Participants and Beneficiaries 2(e)(1)	Z	Transfer Out	Transfer of Assets from this Plan 2(l)(2)
U	Forfeiture Debit	Does not Map to 5500 Worksheet	AA	Transfer Out	Transfer of Assets from this Plan 2(l)(2)
V	Administrative Fee	Administrative Expenses – mapped to appropriate line 2(i)(1) through 2(i)(11)	AB	Adjustment, Negative	Depends on Fund Classification
W	Exchange Out	Does not Map to 5500 Worksheet	AC	Adjustment, Negative	Interest on Participant Loans 2(b)(1)(E)
X	Loan Withdrawal	Does not Map to 5500 Worksheet	AD	Offset/Previous Defaulted Loans	Deemed Distributions of Participant Loans 2(g)

Figure 4.2.2.3

If your plan is a 403(b) plan, there may be vendor to vendor transfers listed on a separate line.

### 4.2.3 Summary of Total Loan Activity (SOTLA)

The SOTLA details all loan activity in the plan during the plan year. The report contains three columns: Active, Deemed with Post Default Payments, and Deemed with No Post Default Payments. The table below illustrates the differences between the columns.

Column Name	Description	Included on SONTA and 5500 Worksheet?
Active	These loans are in good standing; payments are being made in accordance with the terms of the loan or if payments are late, the grace period has not been reached. There are no associated tax records with this loan.	Yes
Deemed with Post Default Payments	These loans are in default. A tax record was generated at the time the loan was defaulted. The participant has begun making payments to the defaulted loan during the plan year.	Yes
Deemed with No Post Default Payments	These loans are in default. A tax record was generated at the time the loan was defaulted. The participants are <b>NOT</b> making payments on these loans during the plan year. These loans are no longer considered assets of the plan; they are not reportable on the Form 5500 filing. The outstanding loan balance as of the end of the plan year (reported on the SONTA and the 5500 Worksheet) will be reduced by the total amount of this column (see item <b>K</b> in Fig. 4.2.3.1) as of the end of the plan year, thereby creating a difference from the amount reported on the SOPO Totals page.	No

The SOTLA is shown in Fig. 4.2.3.1. This report maps to the SOPO totals page; however, not every field in the SOTLA is mapped to the SOPO totals page. Figures 4.2.3.1 and 4.2.3.2 illustrate the mapping from the SOTLA to the SOPO Totals page. The outstanding loan balance as of the end of the campaign period, which is reported on the SONTA/SONA and the 5500 Worksheet, will be reduced by the total amount of the Deemed with No Post Default Payments column (item **K** in Fig. 4.2.3.1) as of the end of the plan year, creating a difference between the amount reported on the SOPO Totals page and these other reports.

Plan: 99999		ABC Test Plan		Run Date: 03/03/2009	
SUMMARY OF TOTAL LOAN ACTIVITY					
	ACTIVE LOANS	DEEMED W/POST DEFAULT PMTS	DEEMED NO POST DEFAULT PMTS		
Market Value as of 12/31/2007	\$0.00	\$0.00	\$0.00		
Adjust to prior year Balance	\$0.00	\$0.00	\$0.00		
<b>A. TOTAL RECEIPTS</b>					
Loan Repayment (Principal)	<b>A</b> \$0.00	<b>A</b> \$0.00	<b>A</b> \$0.00		
Loan Repayment (Interest)	<b>B</b> \$0.00	<b>B</b> \$0.00	<b>B</b> \$0.00		
Balance Forward	<b>C</b> \$0.00	<b>C</b> \$0.00	<b>C</b> \$0.00		
Transfer In	<b>D</b> \$0.00	<b>D</b> \$0.00	<b>D</b> \$0.00		
Adjustment (+)	<b>E</b> \$0.00	<b>E</b> \$0.00	<b>E</b> \$0.00		
TOTAL RECEIPTS	\$0.00	\$0.00	\$0.00		
<b>A. TOTAL DISBURSEMENTS</b>					
Benefit Payments	<b>F</b> \$0.00	\$0.00	\$0.00		
Loan Withdrawal	<b>G</b> \$0.00	\$0.00	\$0.00		
Transfer Out	<b>H</b> \$0.00	\$0.00	\$0.00		
Deemed Distributions	<b>I</b> \$0.00	<b>I</b> \$0.00	<b>I</b> \$0.00		
Deemed/Post-Dflt Pmt Recd	\$0.00	\$0.00	\$0.00		
Offset/Prev. Dflted loans	\$0.00	<b>J</b> \$0.00	<b>J</b> \$0.00		
Adjustment (-)	<b>E</b> \$0.00	<b>E</b> \$0.00	<b>E</b> \$0.00		
TOTAL DISBURSEMENTS	\$0.00	\$0.00	\$0.00		
Market Value as of 12/31/2008	\$0.00	\$0.00	<b>K</b> \$0.00		

Figure 4.2.3.1

Plan: 99999		ABC Test Plan		Run Date: 03/03/2009	
SUMMARY OF PLAN OPERATIONS (TOTALS)					
	TOTAL FUND ACTIVITY	TOTAL LOAN ACTIVITY	TOTAL PLAN ACTIVITY		
Market Value as of 12/31/2007	\$0.00	\$0.00	\$0.00		
Adjust to prior year Balance	\$0.00	\$0.00	\$0.00		
<b>A. TOTAL RECEIPTS</b>					
Contributions/Employer					
COMPANY MATCH	\$0.00	\$0.00	\$0.00		
QNEC	\$0.00	\$0.00	\$0.00		
PROFIT SHARING	\$0.00	\$0.00	\$0.00		
Contributions/Employee					
EMPLOYEE DEFERRAL	\$0.00	\$0.00	\$0.00		
CATCH-UP DEFERRAL	\$0.00	\$0.00	\$0.00		
ROLLOVER	\$0.00	\$0.00	\$0.00		
Interest and Dividends	\$0.00	\$0.00	\$0.00		
Realized Gain/Loss	\$0.00	\$0.00	\$0.00		
Unrealized Gain/Loss	\$0.00	\$0.00	\$0.00		
Loan Repayment (Principal)	\$0.00	<b>A</b> \$0.00	\$0.00		
Loan Repayment (Interest)	\$0.00	<b>B</b> \$0.00	\$0.00		
Exchange In	\$0.00	\$0.00	\$0.00		
Forfeiture Credit	\$0.00	\$0.00	\$0.00		
Balance Forward	\$0.00	<b>C</b> \$0.00	\$0.00		
Transfer In	\$0.00	<b>D</b> \$0.00	\$0.00		
Adjustment (+)	\$0.00	<b>E</b> \$0.00	\$0.00		
TOTAL RECEIPTS	\$0.00	\$0.00	\$0.00		
<b>A. TOTAL DISBURSEMENTS</b>					
Benefit Payments	\$0.00	<b>F</b> \$0.00	\$0.00		
Forfeiture Debit	\$0.00	\$0.00	\$0.00		
Administrative Fee	\$0.00	\$0.00	\$0.00		
Exchange Out	\$0.00	\$0.00	\$0.00		
Loan Withdrawal	\$0.00	<b>G</b> \$0.00	\$0.00		
Transfer Out	\$0.00	<b>H</b> \$0.00	\$0.00		
Adjustment (-)	\$0.00	<b>E</b> \$0.00	\$0.00		
Offset/Prev. Dflted Loans	\$0.00	<b>J</b> \$0.00	\$0.00		
TOTAL DISBURSEMENTS	\$0.00	\$0.00	\$0.00		
Market Value as of 12/31/2008	\$0.00	\$0.00	\$0.00		

The SOTLA (Fig. 4.2.3.3) summarizes loan activity based on loan status, whereas the Summary of Loan Activity (Fig. 4.2.3.4) from the Trial Balance summarizes loan activity at a plan level. Fig. 4.2.3.5 illustrates the mapping of the SOTLA to the Summary of Loan Activity contained within the Trial Balance report.

Plan: 99999		ABC Test Plan		Run Date: 03/03/2009	
SUMMARY OF TOTAL LOAN ACTIVITY					
	ACTIVE LOANS	DEEMED W/POST DEFAULT PMTS	DEEMED NO POST DEFAULT PMTS		
Market Value as of 12/31/2007	\$0.00	\$0.00	\$0.00		\$0.00
Adjust to prior year Balance	\$0.00	\$0.00	\$0.00		\$0.00
<b>A. TOTAL RECEIPTS</b>					
Loan Repayment (Principal)	<b>A</b> \$0.00	<b>A</b> \$0.00	<b>A</b> \$0.00		<b>A</b> \$0.00
Loan Repayment (Interest)	<b>K,M,N</b> \$0.00	<b>N,L</b> \$0.00	<b>N,L</b> \$0.00		<b>N,L</b> \$0.00
Balance Forward	<b>E,P</b> \$0.00	<b>E,P</b> \$0.00	<b>E,P</b> \$0.00		<b>E,P</b> \$0.00
Transfer In	<b>C,O</b> \$0.00	<b>C,O</b> \$0.00	<b>C,O</b> \$0.00		<b>C,O</b> \$0.00
Adjustment (+)	<b>G</b> \$0.00	<b>G</b> \$0.00	<b>G</b> \$0.00		<b>G</b> \$0.00
-----					
TOTAL RECEIPTS	\$0.00	\$0.00	\$0.00		\$0.00
<b>A. TOTAL DISBURSEMENTS</b>					
Benefit Payments	<b>B,F,H</b> \$0.00	\$0.00	\$0.00		\$0.00
Loan Withdrawal	<b>J</b> \$0.00	\$0.00	\$0.00		\$0.00
Transfer Out	<b>D</b> \$0.00	<b>D</b> \$0.00	<b>D</b> \$0.00		<b>D</b> \$0.00
Adjustment (-)	<b>G</b> \$0.00	<b>G</b> \$0.00	<b>G</b> \$0.00		<b>G</b> \$0.00
Deemed Distributions	<b>R</b> \$0.00	\$0.00	\$0.00		<b>R</b> \$0.00
Deemed/Post-Dflt Pmt Recd	\$0.00	\$0.00	\$0.00		\$0.00
Offset/Prev. Dfltd loans	\$0.00	<b>I</b> \$0.00	<b>I</b> \$0.00		<b>I</b> \$0.00
-----					
TOTAL DISBURSEMENTS	\$0.00	\$0.00	\$0.00		\$0.00
Market Value as of 12/31/2008	<b>Q</b> \$0.00	<b>Q</b> \$0.00	<b>Q</b> \$0.00		<b>Q</b> \$0.00

Figure 4.2.3.3

P T		Figure 4.2.3.2		FIDELITY PARTICIPANT RECORD KEEPING SYSTEM		PAGE: 25	
		ABC TEST PLAN		DATE: 03/03/2009			
Y							
BEGINNING BALANCE AS OF: 12/31/2007				\$0.00			
PRINCIPAL ACTIVITY							
-----							
LESS PRINCIPAL REPAYED				<b>A</b>		\$0.00	
LESS NON-MONETARY							
FULL PAYOUT - O/S LOAN BALANCE				<b>B</b>		\$0.00	
ORIGINAL LOAN PRINCIPAL TRANSFER				<b>C</b>		\$0.00	
LOAN TRANSFER - PRINCIPAL PAYOFF				<b>D</b>		\$0.00	
LOAN PRINCIPAL CONVERTED - PRIOR RK				<b>E</b>		\$0.00	
LOAN DEFAULTED				<b>F</b>		\$0.00	
LOAN ADJUSTMENT TO PRINCIPAL				<b>G</b>		\$0.00	
LOAN DEFAULT - ACTUAL DEFAULT				<b>H</b>		\$0.00	
LOAN DEFAULT - DEEMED DEFAULT				<b>I</b>		\$0.00	
-----							
SUBTOTAL				\$0.00			
PLUS LOAN WITHDRAWALS							
PLUS NON-MONETARY				<b>J</b>		\$0.00	
LOAN DEFAULT - PRE DEFAULT INT				<b>K</b>		\$0.00	
LOAN DEFAULT - POST-DEFAULT INT				<b>L</b>		\$0.00	
LOAN DEFAULT - RETURN FROM LOA INT				<b>M</b>		\$0.00	
LOAN DEFAULT - FULLPYOT OFFSET INT				<b>N</b>		\$0.00	
ORIGINAL LOAN WITHDRAWAL TRANSFER				<b>O</b>		\$0.00	
LOAN AMOUNT CONVERTED - PRIOR RK				<b>P</b>		\$0.00	
-----							
SUBTOTAL				\$0.00			
OUTSTANDING PRINCIPAL BALANCE AS OF: 12/31/2008				<b>Q</b>		\$0.00	
=====							
INTEREST ACTIVITY							
-----							
INTEREST PAYMENTS						\$0.00	
-----							
TOTAL INTEREST				\$0.00			
-----							
TOTAL DEEMED DEFAULT DISTRIBUTIONS				<b>R</b>		\$0.00	
FROM 01/01/2008 TO: 12/31/2008							
=====							
TOTAL LOANS OUTSTANDING AS OF 12/31/2008						0	
=====							

Figure 4.2.3.4

**NOTE:** When mapping Transfers and Balance Forwards from SOPO Summary of Total Loan Activity Page to the Trial Balance Summary of Loan Activity page, the amounts on the SOPO will not match those on the Trial Balance.

For purposes of mapping to the 5500 Worksheet, use the amounts found on the SOPO Totals as well as the Summary of Total Loan Activity page. The Trial Balance, by design, only includes loan transfers and conversions associated with loans having a loan open date during the plan year, whereas the SOPO includes all loan transfers and conversions.

	SOPO - Summary of Total Loan Activity	Trial Balance - Summary of Loan Activity
<b>A</b>	Loan Repayment (Principal)	Principal Repaid
<b>B</b>	Benefit Payments	Full Payout - Outstanding Loan Balance
<b>C</b>	Transfer In	Original Loan - Principal Transfer
<b>D</b>	Transfer Out	Loan Transfer - Principal Payoff
<b>E</b>	Balance Forward	Loan Principal Converted - Prior RK
<b>F</b>	Benefit Payments	Loan Defaulted
<b>G</b>	Adjustment (Positive or Negative)	Loan Adjustment to Principal
<b>H</b>	Benefit Payments	Loan Default - Actual Default
<b>I</b>	Offset Previously Defaulted Loans	Loan Default - Deemed Default
<b>J</b>	Loan Withdrawals	Loan Withdrawals
<b>K</b>	Loan Repayment (Interest)	Loan Default - Pre-Default Interest
<b>L</b>	Loan Repayment (Interest)	Loan Default - Post-Default Interest
<b>M</b>	Loan Repayment (Interest)	Loan Default - Return From Leave of Absence Interest
<b>N</b>	Loan Repayment (Interest)	Loan Default - Full Payout Offset Interest
<b>O</b>	Transfer In	Original Loan Withdrawal Transfer
<b>P</b>	Balance Forward	Loan Amount Converted - Prior RK
<b>Q</b>	Market Value as of	Outstanding Principal Balance
<b>R</b>	Deemed Distributions	Total Deemed Default Distributions

Figure 4.2.3.5

The SOTLA (Fig. 4.2.3.6) also maps to pages 2 and 3 of the 5500 Worksheet (Fig. 4.2.3.7). Figure 4.2.3.8 illustrates the mapping of the SOTLA to the 5500 Worksheet.

Pursuant to the guidelines for Form 5500 reporting, only amounts in 'Active Loans' and the Deemed w/ Post Default Pmts' columns are reportable on Form 5500. The amounts shown in the 'Deemed No Post Default Pmts' column are not considered to be assets in the plan and aren't reported on the 5500 Worksheet or Form 5500.

ABC Test Plan			
SUMMARY OF TOTAL LOAN ACTIVITY			
	ACTIVE LOANS	DEEMED W/POST DEFAULT PMTS	DEEMED NO POST DEFAULT PMTS
Market Value as of 12/31/2007	\$0.00	\$0.00	\$0.00
Adjust to prior year Balance	<b>A</b> \$0.00	<b>A</b> \$0.00	\$0.00
<b>A. TOTAL RECEIPTS</b>			
Loan Repayment (Principal)	\$0.00	\$0.00	\$0.00
Loan Repayment (Interest)	<b>B</b> \$0.00	<b>B</b> \$0.00	\$0.00
Balance Forward	<b>C</b> \$0.00	<b>C</b> \$0.00	\$0.00
Transfer In	<b>D</b> \$0.00	<b>D</b> \$0.00	\$0.00
Adjustment (+)	<b>E</b> \$0.00	<b>E</b> \$0.00	\$0.00
<b>TOTAL RECEIPTS</b>	\$0.00	\$0.00	\$0.00
<b>A. TOTAL DISBURSEMENTS</b>			
Benefit Payments	<b>F</b> \$0.00	\$0.00	\$0.00
Loan Withdrawal	\$0.00	\$0.00	\$0.00
Transfer Out	<b>G</b> \$0.00	<b>G</b> \$0.00	\$0.00
Deemed Distributions	<b>I</b> \$0.00	\$0.00	\$0.00
Deemed/Post-Deflt Pmt Recd	\$0.00	<b>J</b> \$0.00	\$0.00
Offset/Prev. Dfited loans	\$0.00	<b>K</b> \$0.00	\$0.00
<b>TOTAL DISBURSEMENTS</b>	\$0.00	\$0.00	\$0.00
Market Value as of 12/31/2008	\$0.00	\$0.00	\$0.00

Figure 4.2.3.6

	Summary of Total Loan Activity	5500 Worksheet
<b>A</b>	Adjustment to Prior Year	Adjustment to Prior Year
<b>B</b>	Loan Repayment (Interest)	Interest on Participant Loans 2(b)(1)(E)
<b>C</b>	Balance Forward	Assets Converted/Transferred to Fidelity
<b>D</b>	Transfer In	Transfer of Assets to this Plan 2(l)(1)
<b>E</b>	Adjustment - Positive	Interest on Participant Loans 2(b)(1)(E)
<b>F</b>	Benefit Payments	Payments to Participants and Beneficiaries 2(e)(1)
<b>G</b>	Transfer Out	Transfer of Assets from this Plan 2(l)(2)
<b>H</b>	Adjustment - Negative	Interest on Participant Loans 2(b)(1)(E)
<b>I</b>	Deemed Distributions	Deemed Distributions of Participant Loans 2(g)
<b>J</b>	Deemed with Post Default Payments	Deemed Distributions of Participant Loans 2(g)
<b>K</b>	Offset Previously Defaulted Loans	Deemed Distributions of Participant Loans 2(g)

Figure 4.2.3.8

ABC Test Plan			
5500 WORKSHEET			
Part II Income and Expense Statement	Schedule H Line Item	Schedule I Line Item	Amount
<b>INCOME</b>			
A. Cash Contributions - Employer	2(a)(1)(A)	2(a)(1)	\$0.00
Cash Contributions - Part. (Non-Rollover)	2(a)(1)(B)	2(a)(2)	\$0.00
Cash Contributions - Other (Inc. Rollover)	2(a)(1)(C)	2(a)(3)	\$0.00
Non-Cash Contributions	2(a)(2)	2(b)	\$0.00
Total Contributions	2(a)(3)		\$0.00
B. Interest on Interest-Bearing Cash	2(b)(1)(A)	2(c)	\$0.00
Interest on U.S. Government Securities	2(b)(1)(B)	2(c)	\$0.00
Interest on Corp. Debt Instr. (Long Term)	2(b)(1)(C)(i)	2(c)	\$0.00
Interest on Corp. Debt Instr. (Short Term)	2(b)(1)(C)(ii)	2(c)	\$0.00
Interest on Loans (Other than to Part.)	2(b)(1)(D)	2(c)	\$0.00
Interest on Participant Loans	2(b)(1)(E)	2(c) <b>B, E, H</b>	\$0.00
Other Interest	2(b)(1)(F)	2(c)	\$0.00
Total Interest	2(b)(1)(G)		\$0.00
Dividends - Corporate Stock (Preferred)	2(b)(2)(A)	2(c)	\$0.00
Dividends - Corporate Stock (Common)	2(b)(2)(B)	2(c)	\$0.00
Reg. Invest. Company Shares	2(b)(2)(C)	2(c)	\$0.00
Total Dividends	2(b)(2)(D)		\$0.00
Rents	2(b)(3)	2(c)	\$0.00
Net Real. Gain/Loss - Aggr. Proceeds	2(b)(4)(A)	2(c)	\$0.00
Net Real. Gain/Loss - Aggr. Carrying Amt	2(b)(4)(B)	2(c)	\$0.00
Net Real. Gain/Loss	2(b)(4)(C)		\$0.00
Unrealized Appr./Depr. - Real Estate	2(b)(5)(A)	2(c)	\$0.00
Unrealized Appr./Depr. - Other	2(b)(5)(B)	2(c)	\$0.00
Total Unrealized Appreciation/Depreciation	2(b)(5)(C)		\$0.00
Net Invest Gain/Loss - Com./Coll. Trust	2(b)(6)	2(c)	\$0.00
Net Invest Gain/Loss - Pooled Sep. Accts	2(b)(7)	2(c)	\$0.00
Net Invest Gain/Loss - Master Trust Accts	2(b)(8)	2(c)	\$0.00
Net Invest Gain/Loss - 103-12 Investment	2(b)(9)	2(c)	\$0.00
Net Invest Gain/Loss - Reg. Invest Comp	2(b)(10)	2(c)	\$0.00
C. Other Income	2(c)	2(c)	\$0.00
D. Total Income	2(d)	2(d)	\$0.00
<b>EXPENSES</b>			
E. Payments to Participants and Beneficiaries	2(e)(1)	<b>F</b>	\$0.00
Pay. to Insur. Carr. for Provision Benefit	2(e)(2)		\$0.00
Other Payments	2(e)(3)		\$0.00
Total Benefit Payments	2(e)(4)	2(e)	\$0.00
F. Corrective Distributions	2(f)	2(f)	\$0.00
G. Deemed Distributions of Participant Loans	2(g)	2(g) <b>I, J, K</b>	\$0.00
H. Interest Expense	2(h)		\$0.00
I. Admin Expenses-Salaries and allowances	2(i)(1)		\$0.00
Admin Expenses-Contract Administrator Fee	2(i)(2)		\$0.00
Admin Expenses-Recordkeeping Fees	2(i)(3)		\$0.00
Admin Expenses-IQPA Audit Fees	2(i)(4)		\$0.00
Admin Expenses-Invest Adv and invest mgmt	2(i)(5)		\$0.00
Admin Expenses-Bank/trust comp cust fees	2(i)(6)		\$0.00
Admin Expenses-Actuarial fees	2(i)(7)		\$0.00
Admin Expenses-Legal fees	2(i)(8)		\$0.00
Admin Expenses-Valuation Appraisal fees	2(i)(9)		\$0.00
Admin Expenses-Other trustee fees and exp	2(i)(10)		\$0.00
Admin Expenses-Other expenses	2(i)(11)		\$0.00
Total Administrative Expenses	2(i)(12)	2(h)	\$0.00
J. Total Expenses	2(j)(b)	2(j)	\$0.00
<b>NET INCOME AND RECONCILIATION</b>			
K. Net Income/Loss	2(k)	2(k)	\$0.00
L. Transfer of Assets to this Plan	2(l)(1)	2(l) <b>D</b>	\$0.00
Transfer of Assets from this Plan	2(l)(2)	2(l) <b>G</b>	\$0.00
Net Amount of Intra-Plan Transfers			\$0.00
Assets Converted/Transferred to Fidelity		<b>C</b>	\$0.00
Adjust to prior year balance		<b>A</b>	\$0.00
Net Assets - Beginning of Year			\$0.00
Net Assets - End of Year			\$0.00
For detailed assistance on how to file the Form 5500 Master Trust filing, see Section 7 on Master Trusts.			
Assets are presented at fair value with the exception to fully benefit responsive investment contracts which are presented at contract value as in previous years. See Section 7 of the Fidelity Auditor's Guide for financial statement presentation and disclosure information.			

Figure 4.2.3.7

## 5.0 LOAN DEFAULT (DEEMED DISTRIBUTIONS)

### 5.1 What is a Loan Default?

Generally, when a participant fails to comply with the terms of a plan loan, the loan is in default. This usually occurs when a participant fails to make repayments on an outstanding loan or their loan matures and has not been repaid in full. A defaulted loan may be treated as an actual distribution, a deemed distribution or a combination of the two. Below are some FAQs about loan defaults and deemed distributions.

5.1.1	<p><b>What is the difference between actual, deemed and a combination (partial actual and partial deemed) distribution?</b>  <i>(Reference: Summary of Total Loan Activity; Form 5500 Instructions; IRS Regulation 26 CFR 1.72(p)-1)</i></p>	<p>An <b>actual distribution</b> occurs when a participant loan is defaulted and the participant is <b>eligible</b> to receive all or part of the loan as a plan distribution. Actual distributions are no longer considered plan assets. Additionally, the distribution is generally an eligible rollover distribution and is subject to the standard tax provisions regarding plan distributions.</p> <ul style="list-style-type: none"> <li>Ex: A participant with an outstanding loan defaults on the loan upon termination of employment and takes a distribution.</li> </ul> <p>A <b>deemed distribution</b> occurs when a participant loan is defaulted and the participant is <b>NOT eligible</b> for a plan distribution. They occur primarily with active participants. Deemed distributions are NOT eligible for rollover and are still considered plan assets for certain plan provisions (i.e. future loans).</p> <ul style="list-style-type: none"> <li>Ex: An active participant (not eligible for a plan distribution) with an outstanding loan fails to make repayments on a loan by the end of the grace period.</li> </ul> <p>A <b>combination actual and deemed distribution</b> occurs when a participant loan is defaulted and the participant is eligible for a distribution of part of the outstanding loan amount.</p> <ul style="list-style-type: none"> <li>Ex: An active participant who fails to make repayments on the participant loan is eligible for a plan distribution for a dollar amount less than the entire outstanding loan balance. For example, the outstanding loan balance is \$12,000 at the time of the default and the employee has \$3,000 in an after-tax source that is eligible for an immediate distribution.</li> </ul> <p><i>Deemed distributions have unique plan and reporting requirements. For more info, see IRS Regulation 26 CFR 1.72(p)-1 and Form 5500 instructions on Schedules H and I.</i></p>
5.1.2	<p><b>What is a distributable event?</b></p>	<p>A distributable event occurs when the participant has terminated employment, is eligible for a distribution (ex: has reached age 59-1/2) or the participant's status has changed to one considered to be eligible for a distributable event, under the terms of the plan (ex: disability).</p>
5.1.3	<p><b>Why would an active participant repay a deemed loan?</b></p>	<p>The number of loans and the total dollar value of any subsequent loans is directly impacted by a deemed defaulted loan. If the plan allows only one loan, the participant is generally barred from additional loans until the deemed loan is repaid.</p>
5.1.4	<p><b>What happens if an active participant initiates repayment of the defaulted loan?</b></p>	<p>The default amount (outstanding loan balance plus pre-default and post-default interest) is required to be repaid. Payments are received and posted pursuant to the plan's loan repayment guidelines. The post default loan payments are considered a cost basis for the participant.</p>
5.1.5	<p><b>Why are the Total Deemed Default Distributions on the Trial Balance different from the deemed distribution expense on the 5500?</b></p>	<p>The trial balance reports the total amount of loan defaults classified as deemed during the plan year. The Form 5500 financial schedules report the net expense for the plan year.</p> <p>Ex: If a participant resumes repayment of a loan deemed distributed in an earlier year, line 2g on schedules H and I must be reduced by the original amount previously reported as a deemed expense in the earlier year. This reduction can result in a 'negative' value if the repayment of prior year defaults is greater than the total deemed default amount in the current year.</p>

5.1.6	<p><b>Why don't the Summary of Net Trust Assets/Summary of Net Assets for 403(b) plans and 5500 Worksheet agree with the Summary of Plan Operations (SOPO)?</b> (<i>Reference Summary of Total Loan Activity</i>)</p>	<p>If a plan has had no deemed distributions in the current and/or prior years, the loan balances included on each of the plan year-end reports should agree.</p> <p>Plans with deemed distributions:</p> <p>The following reports provide the detail needed to support year-end loan balances for Form 5500 reporting:</p> <ul style="list-style-type: none"> <li>• The SOPO includes the year-end loan balances for all participant loans, whether deemed or not and matches the year-end 'outstanding principal balance' on the Trial Balance. <ul style="list-style-type: none"> <li>○ It provides detail on all deemed loans (with and without post default repayments)</li> <li>○ The Summary of Total Loan Activity within the SOPO details annual deemed loan activity.</li> </ul> </li> <li>• The Trial Balance reports the same year-end loan balance as the SOPO – the balance of all participant loans, whether deemed or not.</li> <li>• The Summary of Net Trust Assets/Summary of Net Assets for 403(b) plans does not include deemed distributions with no post default payments, but does include deemed distributions with post default payments. The deemed distributions with no post default payments are no longer considered assets of the plan; therefore, they are not reportable on the Form 5500. The outstanding loan balance as of the end of the plan year, which is reported on the SONTA/SONA and 5500 Worksheet, will be reduced by the total amount of deemed distributions with no post default payments, thereby creating a difference from the amount reported on the SOPO Totals page.</li> <li>• The 5500 Worksheet loan balance is the same as the (SONTA/SONA above).</li> </ul> <p><i>See Illustration 5.4 for an example of a reconciliation of the Summary of Total Loan Activity to the Summary of Net Trust Assets and the Summary of Plan Operations.</i></p>
5.1.7	<p><b>Why is there a difference between the outstanding loan balance on the Annual Loan Balance Report &amp; 5500 Worksheet?</b></p>	<p>The Annual Loan Balance Report includes all loans in the plan at the end of the plan year. The 5500 Worksheet only includes active or deemed loans with post default repayments remitted during the current year.</p>
5.1.8	<p><b>Why is amount of loan interest reported in the SOPO different than the loan interest reported on Plan Activity page of the Trial Balance?</b></p>	<p>Both loan repayment interest and deemed expense interest are included in the amount of loan repayment interest reported on the SOPO. The 'Plan Activity Summary' page of the Trial Balance includes loan repayment interest but does not include the deemed expense interest. The deemed expense interest is found on the 'Summary of Loan Activity' page of the Trial Balance. For a more detailed description of report mapping, refer to <a href="#">Section 4</a>.</p>
5.1.9	<p><b>Which report provides details regarding deemed defaults?</b></p>	<p>The Defaulted Loan Report provides the detail associated with each column of the 'Summary of Total Loan Activity' page of the Summary of Plan Operations.</p>

<p>5.1.10</p>	<p><b>How are actual and deemed distributions reported on Form 5500 Schedule H and Schedule I (Financial Information)?</b> (Reference: Form 5500 Schedule H or Schedule I, line 2(g))</p>	<p>The outstanding balance of all participant loans as of plan year end is reported in the asset statement on Form 5500, but excludes the value of any outstanding loans deemed distributions in the current or prior years unless repayment was initiated.</p> <p>During each plan year participants may fail to make loan repayments, resulting in an actual, deemed, or a combination actual and deemed distribution.</p> <p>The following examples explain the reporting for an actual and deemed distribution and how to report a participant who started making payments on a deemed loan.</p> <p><b>Actual distribution ex:</b> A participant with an outstanding loan of \$4,000 (plus \$200 accrued interest) defaults on the loan upon termination and takes a distribution.</p> <p><b>Form 5500 Reporting:</b></p> <ol style="list-style-type: none"> <li>1. Income Statement – Debit benefit payments for \$4,200</li> <li>2. Balance Sheet – Credit participant outstanding loan balance \$4,000</li> <li>3. Income Statement – Credit participant loan interest \$200</li> </ol> <p><b>Deemed distribution example:</b> An active participant with an outstanding loan of \$4,000 (plus \$200 accrued interest) defaults on the loan and is ineligible for a plan distribution.</p> <p><b>Form 5500 Reporting:</b></p> <ol style="list-style-type: none"> <li>1. Income Statement – Debit (line 2g) ‘certain deemed distributions of participant loans’ \$4,200</li> <li>2. Balance Sheet – Credit Participant outstanding loan balance \$4,000</li> <li>3. Income Statement – Credit Participant Loan interest \$200</li> </ol> <p><b>What if the participant begins making payments on the deemed loan?</b></p> <ol style="list-style-type: none"> <li>1. Balance Sheet – Debit participant outstanding loan balance \$4,200 + post default Interest.</li> <li>2. Income Statement – Credit (line 2g) ‘certain deemed distributions of participant loans’ \$4,200.</li> <li>3. Income Statement – Credit participant loan interest for the post default interest amount</li> </ol> <p><i>It is possible for the deemed expense reported on Line 2g to result in a ‘negative’ value as a result of repayments of earlier year deemed distributions.</i></p> <p>The outstanding principal balance of the loans and any accrued interest after the deemed distribution will continue to be reported as assets on the Trial Balance and SOPO. These reports should generally not be used in preparation of Form 5500.</p>
<p>5.1.11</p>	<p><b>What are offsets of previously defaulted loans?</b></p>	<p>An offset of a previously defaulted loan is a payout of an outstanding loan balance upon a distributable event and depending on a plan’s setup can be due to a full withdrawal or status code change. The loan balance is brought to zero and the SOPO accounts for this event by adding the amount of the offset to the ‘Offset/Prev. Dflted Loans’ line item.</p> <p><i>Note: A combination of ‘partial’ withdrawals that result in a participant account balance of \$0.00 may not trigger an offset.</i></p>
<p>5.1.12</p>	<p><b>Why would a loan deemed defaulted be reflected in the current year outstanding loan balance?</b></p>	<p>Pursuant to IRS regulation, although a tax record is generated for a deemed loan, the participant is still obligated to repay the outstanding loan balance.</p> <p>The outstanding loan balance must also be taken into account when calculating the availability of future loans. Maintaining the deemed loan balances on the recordkeeping system aids the management of these loans.</p>
<p>5.1.13</p>	<p><b>Should participant loan defaults be included on Schedule G?</b></p>	<p>Generally no. Participant loans under an individual account plan that are made in accordance with 29 CFR 2550.408b-1 and are secured only by a portion of the participant’s vested accrued balance should not be reported in Part I of Schedule G.</p>

## 5.2 Explanation of Deemed Loan Items in the Summary of Loan Activity

Trial Balance Report (loan activity section)	Non-monetary Code	Summary of Plan Operations (income statement section)	Explanation	Example
Full Payout - O/S Loan Balance	20	Benefit Payments	Full payout of outstanding loan balance upon a distributable event. (full withdrawal from the plan)	<ol style="list-style-type: none"> <li>Participant terminates and receives a full payout.</li> <li>Loan is netted.</li> <li>Participant receives 1099R (includes outstanding loan balance.)</li> </ol>
Loan Defaulted	60	Benefit Payments	Plan sponsor/participant requests a manual default of an outstanding loan balance.	<ol style="list-style-type: none"> <li>Plan sponsor/participant requests a manual default of an outstanding loan balance.</li> <li>Participant receives 1099R (includes outstanding loan balance.)</li> </ol>
Loan Default - Actual Default	80	Benefit Payments	Actual loan default - The loan met all requirements to be deemed distributed and participant had reached a distributable event or was eligible for a plan distribution.	<ol style="list-style-type: none"> <li>Participant is eligible for distribution.</li> <li>Defaults on loan.</li> <li>Participant receives 1099R and loan is no longer a plan asset.</li> </ol>
Loan Default - Deemed Default	83	Offset/Prev. Dflted Loans	To reduce (offset) a loan previously deemed distributed. By reaching a distributable event, the plan reduces participant's account balance by the amount of the outstanding loan balance. (Deemed distribution expense + post default int.)	<ol style="list-style-type: none"> <li>Participant has a loan that was a deemed distribution.</li> <li>Participant now has reached a distributable event. (Example - attainment of age 59.5)</li> </ol>
Loan Default - Pre-Default Int	81	Loan Repayment (Interest)	Interest calculated from the last payment to the day of deemed default.	<ol style="list-style-type: none"> <li>Participant stops payment on loan.</li> <li>Interest continues to accrue up to the date of the deemed default.</li> </ol>
Loan Default - Post Default Int.	82	Loan Repayment (Interest)	Interest calculated monthly from the date of deemed default until the loan is paid off or participant reaches a distributable event offsetting the loan.	Interest calculated monthly from the date of deemed default until the loan is paid off or participant reaches a distributable event offsetting the loan.
Loan Default - Return from LOA Int	84	Loan Repayment (Interest)	Leave of Absence interest is calculated monthly while the participant is on a leave of absence.	Leave of Absence interest is calculated monthly while participant is on a leave of absence.
Loan Default - Full payout offset int.	85	Loan Repayment (Interest)	Interest due at full payout - Interest calculated from the date of the last payment to the date of full payout.	<ol style="list-style-type: none"> <li>Loan is deemed defaulted.</li> <li>Interest continues to accrue up to the date of distribution.</li> <li>Amount is not record kept as an asset.</li> </ol>
Original Loan Withdrawal Transfer	30/31	Transfer In	Any transfer of loans in to the plan - Principal only; most common during years of conversion and during mergers and acquisitions.	Any transfer of loans in to the plan - Principal only; most common during years of conversion and during mergers and acquisitions.
Total Deemed Default from dd/mm/20yy to dd/mm/20yy		Summary of Total Loan Activity. (SOTLA)	Sum of all loans deemed distributed during the plan year.	Sum of all loans deemed distributed during the plan year

### 5.3 Deemed Scenario Legend Relevant to Default Loan Report

Each loan reported on the Defaulted Loan Report has a scenario associated with it. The scenarios specify the status of the loan at the beginning and end of plan year and indicate when the *1st post default loan payment* was made. See below for scenario legend.

Scenario	Loan at the Beginning of the Year	1 <sup>st</sup> Post Default Loan Payment Made (None, CY, PY)	Loan at the End of the Year
1	Active	None	Actual Default
2	Active	None	Active
3	Active	None	Offset
4	Active	None	Deemed
5	Active	Current Year	Deemed
6	Active	None	Offset
7	Active	Current Year	Offset
8	Deemed	None	Deemed
9	Deemed	Prior Year	Deemed
10	Deemed	Current Year	Deemed
11	Deemed	Prior Year	Offset
12	Deemed	Current Year	Offset
13	Deemed	None	Offset

### 5.4 Reconciliation of the Summary of Total Loan Activity to the Summary of Net Trust Assets and the Summary of Plan Operations

## Summary of Total Loan Activity

Plan: 12345	ABC Company Savings Plan SUMMARY OF TOTAL LOAN ACTIVITY			Run Date: 01/16/2011
	ACTIVE LOANS	DEEMED W/POST DEFAULT PMTS \$50,211.99	DEEMED NO POST DEFAULT PMTS \$45,236.23	
Market Value as of 12/31/2009	\$5,832,781.48			
<b>A. TOTAL RECEIPTS</b>				
Loan Repayment (Principal)	(\$2,638,364.50)	(\$14,520.86)	\$0.00	
Loan Repayment (Interest)	\$7,038.43	\$3,005.24	\$2,103.83	
Balance Forward	\$0.00	\$0.00	\$0.00	
Transfer In	\$0.00	\$0.00	\$0.00	
<b>TOTAL RECEIPTS</b>	(\$2,631,326.07)	(\$11,515.62)	\$2,103.83	
<b>B. TOTAL DISBURSEMENTS</b>				
Benefit Payments	(\$258,682.69)	\$0.00	\$0.00	
Loan Withdrawal	\$4,189,966.00	\$0.00	\$0.00	
Transfer Out	\$0.00	\$0.00	\$0.00	
Deemed Distributions	(\$30,035.11)	\$0.00	\$30,035.11	
Deemed/Post-Def Pmt Recd	\$0.00	\$23,775.38	(\$23,775.38)	
Offset/Prev. Dfited loans	\$0.00	(\$6,221.49)	(\$12,648.86)	
<b>TOTAL DISBURSEMENTS</b>	\$3,901,248.20	\$17,553.89	(\$6,389.13)	
Market Value as of 12/31/2010	\$7,102,703.61	\$56,250.26	\$40,950.93	\$7,199,904.79 ~ SOPO
<p>Note: The loan information that is required to be reported on the Schedule H (Form 5500) and Schedule I (Form 5500) is the sum of the values reported under "Active Loans" and "Deemed w/Post-Default Pmts". Loans that have been deemed distributed and have had no post-default payment activity are disregarded for purposes of Schedules H and I. The total of the values reported in the three columns on this page reflect the total loan balances and activity on the Fidelity Participant Recordkeeping System for the reporting year. The sum of these columns is reported under the Total Loan Activity column on the prior page and reconciles to the loan information reported on the Trial Balance.</p> <p>Note: THE "DEEMED NO POST DEFAULT PAYMENTS" column is not included in the SONTA. The circled amount in the "DEEMED NO POST DEFAULT PMTS" column are shown as adjustments on the following slide reconciling the SOPO to the SONTA.</p>				
		\$7,158,953.87		~ SONTA

## 6.0 PLAN ACCOUNTING

### 6.1 Plan Accounting Methodology and Reporting

This section details the most frequently asked questions related to plan accounting topics such as valuation methodology, cost basis, expense reporting, adjustments to income, annual fund returns, and the calculation of realized gains and losses.

6.1.1	<b>Does Fidelity value plan assets on a daily basis?</b> (Ref: <i>PYES Package</i> )	Yes, Fidelity uses a daily valuation system for valuing plan investments it record keeps. Fidelity Participant Recordkeeping System (FPRS) is designed so each participant has his/her own individual account and contributions and investment earnings are allocated to participant accounts upon receipt. The value of plan assets is calculated daily using the Net Asset Value for each investment option.
6.1.2	<b>What is historical cost?</b> (Ref: <i>PYES Package</i> )	Historical cost is the amount paid for an asset. FPRS tracks historical cost for all purchases and sales of each investment option at the participant level and it is reported on a <u>moving-average</u> cost basis.
6.1.3	<b>Which report shows the company plan's historical cost of the investment options?</b> (Ref: <i>PYES Package</i> )	The Summary of Net Trust Assets and Trial Balance Report both report the historical cost for each investment option. On the Trial Balance Report refer to the 'Grand Total' on the Plan Activity Summary page. For individual funds, see the Ending Balance 'Cash' column total on the Fund Totals page on the Trial Balance Report for historical cost.
6.1.4	<b>Why is revalued cost used?</b> (Ref: <i>PYES Package and Form 5500 Instructions</i> )	Current value reporting (revalued cost) is required pursuant to the directions for completing Form 5500. Assets are revalued to current value at the end of the prior plan year on the Summary of Plan Operations and 5500 Worksheet.
6.1.5	<b>How does Fidelity calculate the cost basis and realized gains/losses of shares or units sold?</b> (Ref: <i>PYES Package</i> )	Fidelity uses an average cost basis for shares in the calculation of realized gains/losses.
6.1.6	<b>Why doesn't the Year-End Trial Balance equal the realized gains/losses on the Summary of Plan Operations?</b> (Ref: <i>PYES Package</i> )	<p>You will find realized gains/losses in the Trial Balance and Summary of Plan Operations differ because the two reports use different cost accounting methods. The Summary of Plan Operations realized gains/losses are calculated by averaging the total cost of the shares purchased throughout the year.</p> <p>The Trial Balance Report calculates gains/losses <u>on the day</u> the transaction occurs, consistent with generally accepted accounting principles using a <u>moving-average</u> historical cost basis. In total, the sum of the realized/unrealized gains/losses on the Trial Balance and the Summary of Plan Operations will be the same.</p> <p><a href="#">Illustration 6.1.27</a> shows an example reconciliation of the Trial Balance gain/loss to the Summary of Plan Operations (SOPO) gain/loss.</p>
6.1.7	<b>Is the SOPO prepared on a cash or accrual basis of accounting?</b> (Ref: <i>PYES Package</i> )	The SOPO is prepared on a cash basis, meaning the income is reported in the plan year received and expenses reported in the plan year paid. Thus, contributions for a plan year will be included in the SOPO and all applicable schedules, only if they are received by Fidelity during the plan year. Interest or dividends declared, but not paid by a mutual fund before the end of a plan's year-end are not included in the SOPO.

6.1.8	<p><b>What type of plan expenses are reflected on the SOPO?</b></p>	<p>The SOPO reflects expenses paid by the plan (13-Fee transaction type) and does not include expenses paid directly by the plan sponsor. The Form 5500 only requires the reporting of expenses paid by or charged to the plan.</p>
6.1.9	<p><b>How is the Net Investment Gain/(Loss) from Registered Investment Companies calculated on the 5500?</b> <i>(Reference: Form 5500 Schedule H filing instructions)</i></p>	<p>For Form 5500 Schedule H, report all earnings, expenses, gains (losses), and unrealized appreciation or depreciation from registered investment companies (RIC).</p> <p>You will need the SOPO.</p> <p><b>Add:</b></p> <ul style="list-style-type: none"> <li>+ Realized Gain/(Loss) (SOPO totals page)</li> <li>+ Unrealized Gain/(Loss) (SOPO totals page)</li> </ul> <p><b>Subtract:</b></p> <ul style="list-style-type: none"> <li>- Other non-RIC investments: (from individual funds SOPO page) <ul style="list-style-type: none"> <li>• Unrealized Gain/Loss</li> <li>• Realized Gain/Loss</li> </ul> </li> </ul> <p><b>Equals the Total:</b></p> <p>= Net Investment Gain/(Loss) (Form 5500 Schedule H Part II Line 2b(10))</p> <p>Form 5500 Schedule I filers would include (RIC) gain/(loss) on Part I line 2c. Also, effective for the 2009 plan year and subsequent years, interest and dividends on RIC funds no longer maps to 2b (10), but now maps to line 2b(2)(c) Registered Investment Company Shares (e.g. mutual funds).</p>
6.1.10	<p><b>What are 'intra-plan transfers' versus 'inter-plan transfers' on the 5500 Worksheet?</b></p>	<p>Intra-plan transfers are transfers between accounts within the plan. Examples include transfers of a participant's account to a beneficiary (in the event of the participant's death), transfers to an alternate payee (in the event of a qualified domestic relations order), re-characterization of a participant's excess contributions (in the event of a failed actual deferral percentage test and the plan document allows for re-characterization) or a dividend pass-through of employer securities in a 401(k) plan (in the event a plan allows them pursuant to section 404(k) of the Internal Revenue Code) when the participant elects to invest the dividends in another investment option. All intra-plan transfers should net to zero, and therefore will not be reflected on the 5500 Worksheet.</p> <p>Inter-plan transfers refer to transfers made from one plan maintained by an employer to another plan maintained by the same employer (or a related employer that is part of the same group of companies under common control), that are both part of the same master trust <a href="#">Section 7.6</a> defines a master trust.</p>
6.1.11	<p><b>Why do the realized gains/losses on the Summary of 5% Reportable Transactions Schedule differ from the SOPO?</b></p>	<p>The realized gains/losses on the SOPO are calculated using revalued cost as required by the Form 5500 Schedule H instructions; the Trial Balance and the Summary of 5% Reportable Transactions are calculated using historical cost.</p>

6.1.12	<p><b>What transactions are displayed on the Summary of 5% Reportable Transactions Schedule?</b></p>	<p>DOL 2520.103-6 requires the following transactions be reported on Form 5500:</p> <ul style="list-style-type: none"> <li>(i) An employer-directed transaction (<b><u>this does not apply to participant-directed transactions</u></b>) within the plan year with respect to any plan assets involving an amount in excess of 5% of the current value of the plan assets,</li> <li>(ii) Any series of transactions (other than transactions with respect to securities) within the plan year with or in conjunction with the same person which, when aggregated, regardless of the category of asset and the gain or loss on any transaction, involves an amount in excess of 5% of the current value of plan assets,</li> <li>(iii) A transaction within the plan year involving securities of the same issue if within the plan year any series of transactions with respect to such securities, when aggregated, involves an amount in excess of 5% of the current value of plan assets, and</li> <li>(iv) Any transaction within the plan year with respect to securities with or in conjunction with a person if any prior or subsequent single transaction within the plan year with such person with respect to securities exceeds 5% of the current value of plan assets.</li> </ul> <p>DOL Regulation 2520.103-6(d)(2) permits transactions within the same investment option identified in (iii) to be grouped or aggregated for purposes of the 5% reportable transaction requirement if the following information for each security is reported:</p> <ul style="list-style-type: none"> <li>• The total number of purchases.</li> <li>• The total number of sales.</li> <li>• The total dollar value of such purchases.</li> <li>• The total dollar value of such sales.</li> <li>• The net gain or loss as a result of these transactions.</li> <li>• This information is reported on the Summary of 5% Reportable Transactions Schedule.</li> </ul> <p>The type (i) and (iii) are reported by Fidelity on the Summary of 5% Reportable Transactions. Corporate actions, plan mergers, plan level fund exchanges, and transactions for plan transitions to Fidelity may not be included on the 5% Reportable Transaction report unless the transactions had occurred in employer-directed sources.</p>
6.1.13	<p><b>How do changes to participants' divisional designations impact a plan's divisional reporting?</b></p>	<p>For divisional reporting, the allocation of plan assets and transaction activity is based on the participants' divisional designation on the date the reporting is run. Changes to divisional designation between the run date of the prior year reporting and the date the current year-end reports were generated will result in a 'shifting' of balances between the divisions. Ex: Participant transferred from Division A to Division B during the plan year. The participant's prior year end balances are reported under Div. A, while beginning balances for the current year are reported under Div. B. The SOPO will include the transfer on the 'Divisional Transfers' line.</p>
6.1.14	<p><b>Why can't I reconcile a participant's earnings in a mutual fund to the fund's total return for the year?</b> (Ref.: Plan Participant's Fidelity Statement)</p>	<p>The total returns published for mutual funds are historical and include changes in the share price and the reinvestment of dividends and capital gains. A participant's annual return for a mutual fund is affected by the timing of contributions, exchanges, distributions, and loans all of which occur throughout the year thus affecting the participant's return. As the participant's balance in the mutual fund changes due to these factors, there is not a consistent basis of comparison to the published returns posted by the mutual fund. See Section 2.7 for more information on Allocation testing.</p>
6.1.15	<p><b>May a plan sponsor use the forfeiture account to fund future employer contributions and/or pay plan expenses?</b> (Ref: Plan Doc)</p>	<p>A company may use the forfeiture account, if permitted by the plan document, to pay future employer contributions, plan related administrative expenses and/or to reallocate such forfeitures among the accounts of eligible participants. Contributions income on the SOPO may appear inaccurate due to use of the forfeiture offsets to fund the contributions.</p> <p>Generally, forfeitures are to be exhausted during the plan year in which they are incurred, or no later than the following plan year in appropriate circumstances. A plan's document will specify the timing of forfeiture usage.</p>

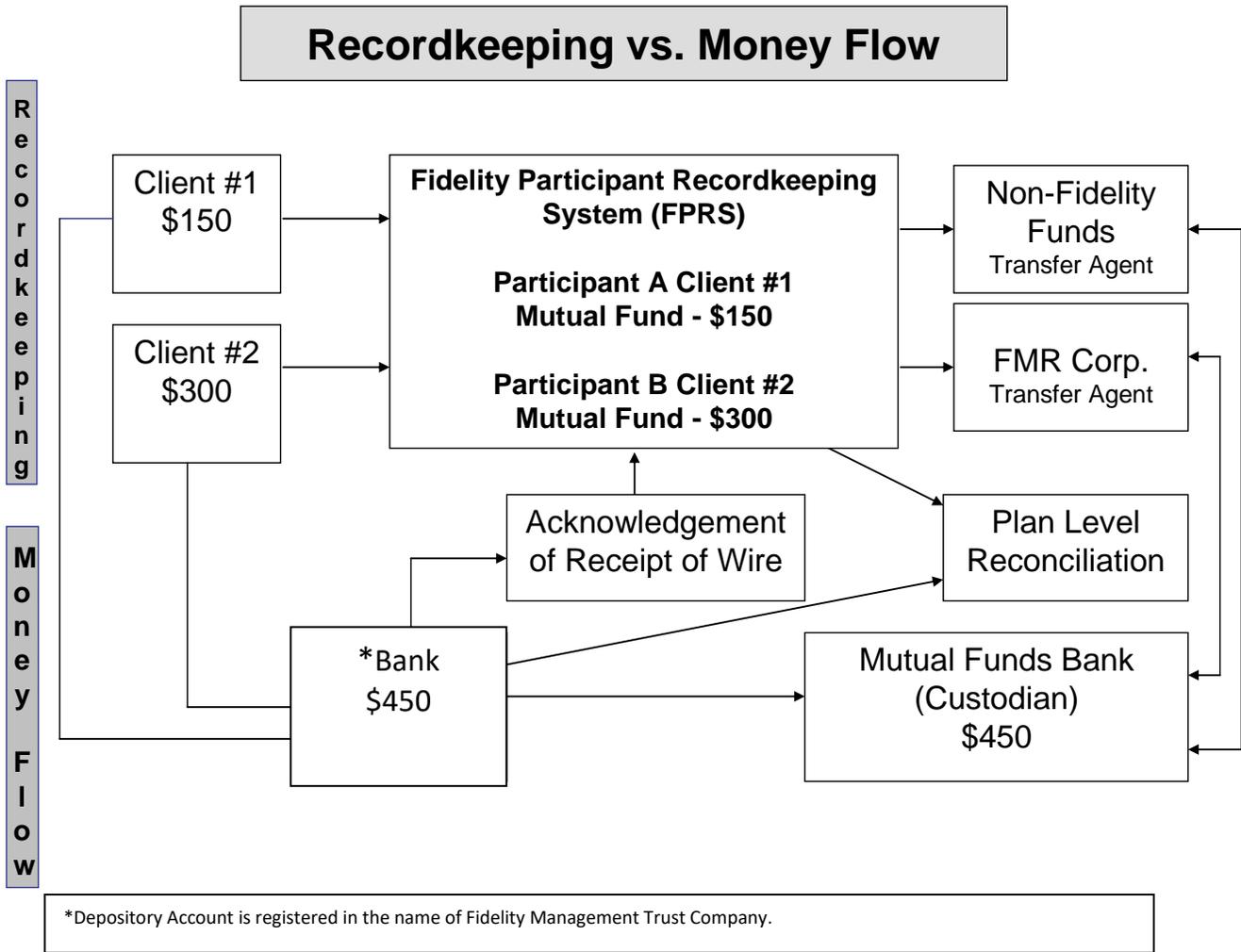
6.1.16	<p><b>Is the plan’s forfeiture account (or other suspense accounts) included in the plan reports provided by Fidelity? Where is the forfeiture account located in the PYES Package?</b></p>	<p>The forfeiture account (or other suspense accounts as applicable) is part of the plan assets and is included in all plan level reports provided by Fidelity. The forfeiture account assets are generally invested in a money market fund or a stable value fund such as the Managed Income Portfolio fund and is treated the same as any other participants account included in the plan totals. The Forfeiture account is maintained on the FPRS ‘F-guy’ under the Social Security Number 999-99-9999F. The forfeiture account balance and activity for the plan year can be found in the Balance Info Summary Extract (BISE) under the SSN 999-99-9999F. Other suspense accounts have different suffixes, such as E, M, O, J, etc. Detailed reporting of forfeiture account activity is available in the <i>Audit Forfeiture Activity Report</i> enhanced PSW® report. See <a href="#">Appendix C.1</a> for instruction on how to generate this report.</p>												
6.1.17	<p><b>Why can’t I reconcile the Balance Info Summary Extract (BISE) to the Summary of Plan Operations?</b></p>	<p>There are two differences between these reports. First, the SOPO calculates the realized gain/loss on a revalued cost basis, whereas the BISE report details the realized gain/loss from a historical cost basis. The unrealized gain/loss, which reflects the change in market value, is now captured on the BISE report. The sum of the realized gain/loss and unrealized gain/loss from each individual report can be reconciled between the two reports. Note: there will typically be a slight difference due to the difference in the number of decimal places the calculations are executed within each report. If the plan has guaranteed investment contract (GIC), the interest from the GIC will be included in the realized gain/loss on the BISE.</p>												
6.1.18	<p><b>What transactions are reflected on the adjustment line of the Summary of Plan Operations?</b></p>	<p>The transactions reported on this line reflect the market value adjustments made to individual participants’ accounts. Adjustments are made when purchases or sales of shares do not occur when scheduled and the participant suffers a loss.</p> <p>The SOPO has been enhanced to include any ‘Adjustments to Prior Year’s Balance’ as a separate line item. These adjustments generally result from ‘as of’ transactions processed after the Year End Reports are run. <i>This line item will be suppressed if the value is zero.</i></p> <p>Detailed reporting of adjustment account activity is available in the <i>Audit Adjustment Report</i> enhanced PSW® report. See <a href="#">Appendix C.1</a> for instruction on how to generate this report.</p>												
6.1.19	<p><b>Can Fidelity supply reconciliation between the trust system and the recordkeeping system?</b></p>	<p>When auditors look at other providers, such as banks, they generally will see two systems.</p> <ol style="list-style-type: none"> <li>1. The custodial system – keeps track of a client’s assets in omnibus form.</li> <li>2. The recordkeeping system – which keeps track of participant shares</li> </ol> <p><i>Fidelity uses one system to provide both custodial and participant records. FPRS is the ‘trust’ recordkeeping system. Refer to the DC Recordkeeping SOC 1.</i></p>												
6.1.20	<p><b>Why are the transfer amounts on the 5500 Worksheet different than the transfer amounts on the Summary of Plan Operations?</b></p>	<p>The 5500 Worksheet lists the total amount of the transfer, both transfers in and out.</p> <p>Example: <u>Fund A had transfer activity reported on the 5500 Worksheet page 3</u></p> <table style="margin-left: 40px;"> <tr> <td>5500 Worksheet Transfer In</td> <td>=</td> <td>1,000,000</td> </tr> <tr> <td>5500 Worksheet Transfer Out</td> <td>=</td> <td><u>(750,000)</u></td> </tr> <tr> <td>Net Activity</td> <td>=</td> <td>250,000</td> </tr> </table> <p>The Summary of Plan Operations (Totals) report nets activity <i>by fund</i>.</p> <p>Example: <u>Fund A as reported on the SOPO</u></p> <table style="margin-left: 40px;"> <tr> <td>Transfer In</td> <td>=</td> <td>250,000</td> </tr> </table>	5500 Worksheet Transfer In	=	1,000,000	5500 Worksheet Transfer Out	=	<u>(750,000)</u>	Net Activity	=	250,000	Transfer In	=	250,000
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Net Activity	=	250,000												
Transfer In	=	250,000												

6.1.21	<p>Can you provide the Schedule D information for the most common Fidelity CCTs?</p>	<p>If your plan invested in a Common/Collective Trust (DFE) sponsored by Fidelity Management Trust Company (FMTC) at any time during the plan year it will be necessary for you to complete a Schedule D with your filing. The EIN of FMTC should be <b>04-3022712</b>. See the chart below for the DFE three-digit plan/entity number.</p> <table border="1" data-bbox="548 317 1433 1020"> <thead> <tr> <th data-bbox="548 317 829 373">Three Digit Plan Number</th> <th data-bbox="829 317 1433 373">FMTC Collective Trust List</th> </tr> </thead> <tbody> <tr> <td data-bbox="548 373 829 411">011</td> <td data-bbox="829 373 1433 411">Fidelity U.S. Equity Index Commingled Pool</td> </tr> <tr> <td data-bbox="548 411 829 449">024</td> <td data-bbox="829 411 1433 449">Fidelity Managed Income Portfolio</td> </tr> <tr> <td data-bbox="548 449 829 487">025</td> <td data-bbox="829 449 1433 487">Fidelity Managed Income Portfolio II</td> </tr> <tr> <td data-bbox="548 487 829 525">026</td> <td data-bbox="829 487 1433 525">Fidelity Advisor Stable Value Portfolio</td> </tr> <tr> <td data-bbox="548 525 829 562">056</td> <td data-bbox="829 525 1433 562">Fidelity Short Intermediate Prime Commingled Pool</td> </tr> <tr> <td data-bbox="548 562 829 600">096</td> <td data-bbox="829 562 1433 600">Fidelity Short Intermediate Commingled Pool</td> </tr> <tr> <td data-bbox="548 600 829 638">132</td> <td data-bbox="829 600 1433 638">Fidelity Low Priced Stock Commingled Pool</td> </tr> <tr> <td data-bbox="548 638 829 676">133</td> <td data-bbox="829 638 1433 676">Fidelity Contrafund Commingled Pool</td> </tr> <tr> <td data-bbox="548 676 829 714">134</td> <td data-bbox="829 676 1433 714">Fidelity Diversified International Commingled Pool</td> </tr> <tr> <td data-bbox="548 714 829 751">135</td> <td data-bbox="829 714 1433 751">Fidelity Growth Company Commingled Pool</td> </tr> <tr> <td data-bbox="548 751 829 789">138</td> <td data-bbox="829 751 1433 789">Fidelity International Discovery Commingled Pool</td> </tr> <tr> <td data-bbox="548 789 829 827">142</td> <td data-bbox="829 789 1433 827">Fidelity Blue Chip Growth Commingled Pool</td> </tr> <tr> <td data-bbox="548 827 829 865">143</td> <td data-bbox="829 827 1433 865">Fidelity OTC Commingled Pool</td> </tr> <tr> <td data-bbox="548 865 829 903">144</td> <td data-bbox="829 865 1433 903">Fidelity Mid Cap Stock Commingled Pool</td> </tr> <tr> <td data-bbox="548 903 829 940">148</td> <td data-bbox="829 903 1433 940">Fidelity Equity Income Commingled Pool</td> </tr> <tr> <td data-bbox="548 940 829 978">149</td> <td data-bbox="829 940 1433 978">Fidelity Magellan Commingled</td> </tr> <tr> <td data-bbox="548 978 829 1016">209</td> <td data-bbox="829 978 1433 1016">Fidelity Short-Intermediate Enhanced Commingled Pool</td> </tr> </tbody> </table>	Three Digit Plan Number	FMTC Collective Trust List	011	Fidelity U.S. Equity Index Commingled Pool	024	Fidelity Managed Income Portfolio	025	Fidelity Managed Income Portfolio II	026	Fidelity Advisor Stable Value Portfolio	056	Fidelity Short Intermediate Prime Commingled Pool	096	Fidelity Short Intermediate Commingled Pool	132	Fidelity Low Priced Stock Commingled Pool	133	Fidelity Contrafund Commingled Pool	134	Fidelity Diversified International Commingled Pool	135	Fidelity Growth Company Commingled Pool	138	Fidelity International Discovery Commingled Pool	142	Fidelity Blue Chip Growth Commingled Pool	143	Fidelity OTC Commingled Pool	144	Fidelity Mid Cap Stock Commingled Pool	148	Fidelity Equity Income Commingled Pool	149	Fidelity Magellan Commingled	209	Fidelity Short-Intermediate Enhanced Commingled Pool
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6.1.22	<p>How are rollover loans reported on the Summary of Plan Operations and 5500 Worksheet? (Reference: PYES Package)</p>	<p>Rollover loans will be reported as follows:</p> <ul style="list-style-type: none"> <li>• Summary of Plan Operations – Loan balances with rollover contributions are reported on the loan balance forward line.</li> <li>• 5500 Worksheet – The loan balances associated with rollover contributions will be included on the ‘Other’ (Inc. rollover) contributions line.</li> </ul>																																				
6.1.23	<p>Why is there an unrealized gain/loss on the Trial Balance when my fund went to zero? (Reference: PYES Package)</p>	<ol style="list-style-type: none"> <li>1. The trial balance represents the funds in two ways: <ol style="list-style-type: none"> <li>a. Activity by Fund section which reports the beginning balance at fair value</li> <li>b. Fund Totals section which reports the beginning balance at cost</li> </ol> </li> <li>2. Both sections roll up the processing on FPRS but use different beginning balance numbers. <ol style="list-style-type: none"> <li>a. Both reports roll up the Realized gains and losses that were calculated using historical cost. <ol style="list-style-type: none"> <li>i. The Activity by Fund Section uses Market Value however does not recalculate the realized gain or loss based on Market Value. It uses the G/L calculated off of cost basis. This creates an out of balance on the Activity by Fund Section, so the system puts the balancing amount into unrealized gain/loss.</li> <li>ii. The total Unrealized and Realized G/L should equal the total Unrealized and Realized on the SOPO. Also, the SOPO calculates the realized G/L on revalued cost.</li> </ol> </li> </ol> </li> <li>3. Why do some funds not have unrealized G/L? <ol style="list-style-type: none"> <li>a. Check to see if these funds have a beginning balance. Generally, these would be zero due to the beginning fair value and cost is exactly the same = \$0.00</li> </ol> </li> </ol>																																				

6.1.24	<p><b>Why don't the exchange-in and exchange-out net to zero on the Summary of Plan Operations and/or Year End Trial Balance reports?</b></p>	<p>The Exchange-ins and Exchange-outs represent participant movement from one fund into another fund(s) within the plan. These transactions on the Summary of Plan Operations and Trial Balance should net to zero; except when real time traded stock is present. Effective May 28, 2024, real time traded stock has a settlement period of trade date plus 1 for any exchanging from (out) of the stock fund.</p> <p>To request a report in PSW<sup>®</sup> that details the exchange history on the last day of the plan year, go to 'Reporting', 'Dashboard', and choose the 'Audit Participant Level Activity Report'. The 'Calendar Day' should be between "12/31/20XY" and "12/31/20XY". The 'Transaction Type' should include "12-Exchange" out and "5-Exchange In". Click 'OK' to run.</p>
6.1.25	<p><b>Can Fidelity provide me with a list of distributions requested in the plan but not paid until after the plan year?</b></p>	<p>To determine if there were with distributions approved but not paid at the end of the plan year, you first have to understand how distributions operate in the plan. There are three different processes:</p> <p><b><u>Sponsor-directed</u></b> – The plan sponsor directs Fidelity to review the paperwork and determine if the request is in good order.</p> <p><b><u>Sponsor-approved</u></b> – The plan sponsor receives the paperwork and then approves the transaction via PSW<sup>®</sup>.</p> <p><b><u>Pre-Approved</u></b> – No paperwork or documentation is created or available. Typically, when a transaction is processed on PSW<sup>®</sup> or via a phone rep it is processed on Fidelity Participant Recordkeeping System on the same day and will show up on the PYES reporting as a distribution.</p> <p>For the Sponsor Directed and Pre-approved process, there would not generally be any liabilities to the plan, as distributions are processes same day they are received and approved by Fidelity if they are in good 'order'.</p> <p>If the plan sponsor reviews and approves the distribution request, the auditor will need to speak with the plan sponsor to determine which distributions were approved but not entered into PSW<sup>®</sup> prior to plan year end.</p> <p>A listing of sponsor-directed, sponsor-approved, and pre-approved distributions for the plan is available on PSW<sup>®</sup> in in the Reporting tab, and Dashboard, using the template name 'Audit Summary Rules'.</p>

Illustration 6.1.26

Recordkeeping versus Money Management Flowchart





## Supplemental guide to the Audit Certification provided by Fidelity Management Trust Company (FMTC)

Fidelity Management Trust Company (FMTC) is a Massachusetts-chartered trust company regulated, supervised and subject to periodic examinations by a state agency. FMTC and its affiliates provide directed trustee, investment management, and custodial services to many of Fidelity's defined contribution recordkeeping clients. If FMTC has been engaged by the plan administrator as trustee, then an audit certification is provided as part of the plan year end package. Other Fidelity companies, as agents for FMTC, fulfill various responsibilities on behalf of FMTC and maintain the official books and records. FMTC may, or may not, be the custodian of the assets for a type of plan investment option depending on the investment and arrangement. The table below is a summary of the type of plan investment options that are held by FMTC and its affiliates and whether FMTC is the custodian of the assets.

Supplemental guide to the Audit Certification provided by Fidelity Management Trust Company (FMTC)

Asset Type	If FMTC is Trustee/Custodian ***		**Fidelity Recordkeeping Trial Balance Fund Codes	Additional Information
	Does FMTC hold the share/unit?	Is FMTC / Affiliate or Contracted party Custodian of the underlying holdings of the Share/unit?		
Mutual Funds	Yes	No	Begins with a number (0,1,...) = Fidelity Funds Begins with the letter O = Non-Fidelity Funds	Mutual Fund companies choose the custodian for their funds
Fidelity Collective investment Trust	Yes	Yes	Begins with a number (0,1,...) = Fidelity Funds	Fidelity Management Trust Company is the named custodian however contracts with outside custodians to hold the underlying assets.
Non-Fidelity Collective investment Trust	Yes	No	Begins with the letter O = Non-Fidelity Funds	CIT administrators choose the custodians for the underlying holdings of the CIT's
Self-directed Brokerage Accounts	Yes	individual securities - N/A Mutual Funds - No	BLNK or BLNC - Self directed brokerage accounts	FMTC affiliate - National Financial Services. Self-directed brokerage (SDB), also known as Fidelity BrokerageLink (BLNK), is a service offered to qualifying clients allowing plan participants the opportunity to invest in a wide array of securities.
Traditional GIC's / Annuities	Yes	N/A	G = GIC or Synthetic GIC	Who holds the contract? Is the contract between the client and insurance company or Fidelity and the insurance company. In almost all cases the contract is held between the client and the insurance
Synthetic GIC's				
Fidelity Managed	Yes	Yes	G = GIC or Synthetic GIC	Fidelity Management Trust Company is the named custodian, however contracts with outside custodians to hold the underlying assets.
Non-Fidelity Managed	Yes	*No	G = GIC or Synthetic GIC	Fidelity Management Trust Company may not have custody of the market value component of an account.
Separately managed accounts				
Fidelity Managed	Yes	Yes	T = Custom fund specific to the employer/plan	Fidelity Management Trust Company is the named custodian however contracts with outside custodians to hold the underlying assets.
Non-Fidelity Managed	Yes	Yes	T = Custom fund specific to the employer/plan	Fidelity Management Trust Company is the named custodian however contracts with outside custodians to hold the underlying assets.
Real time traded stock	Yes	Yes	RT = Real Time traded stock	FMTC affiliate - National Financial Services
Share accounted stock	Yes	Yes	ST = Share accounted stock	FMTC affiliate - National Financial Services
Unitized Stock Fund	Yes	Yes	T = Custom fund specific to the employer/plan	FMTC affiliate - National Financial Services

\* In certain instances FMTC is the custodian of certain underlying assets, but not in all cases.

\*\* For custom fund products may hold some of these Asset Types as components with the custom fund.

\*\*\* 403(b) custodian

## 7.0 SPECIALTY FUND FEATURES

Some or all of the topics discussed in this Section may not be applicable to the plan being audited.

### 7.1 Stable Value Insurance or Investment Contracts

#### Financial Statement Reporting Requirements for Plans with Stable Value Investment Options

The Financial Accounting Standards Board (FASB) released Staff Position AAG INV-1 and SOP 94-4-1 (FSP) addressing accounting rules for defined contribution plan stable value investment options. Under the FSP only assets attributable to 'fully benefit-responsive' investment contracts are eligible for contract value accounting treatment. Contract value is considered the relevant accounting measurement because it is the amount participants in the fund will receive when they initiate permitted transactions under the terms of the underlying plan. The FSP:

1. Defines the types of investment contracts eligible for contract value accounting treatment
2. Outlines specific disclosure requirements that must be satisfied by both stable value pooled funds (such as Fidelity's Managed Income Portfolio) and individual plans maintaining stable value investment options.

**Accounting Standard Update (ASU) 2015-12:** In 2015 the Financial Accounting Standards Board (FASB) simplified or eliminated some of the financial reporting and disclosure requirements for employee benefit plans. The changes made by the FASB were to reduce the complexity to employee benefit plan accounting. The change was effective for fiscal years beginning after 12/15/2015.

#### What are some of the changes?

- No longer a need to adjustment from fair value to contract value on the financials for fully benefit-responsive investment contracts
- Removes fully benefit-responsive investment contracts from the hierarchy leveling table
- Removes disclosure of valuation techniques and inputs
- Removes the Level 3 reconciliation
- Eliminates the need for the Average Yields
- No longer need to disclose investments greater than 5% of net assets (This is different than the Schedule H 5% reportable.)
- SDB (brokerage) accounts are considered on general type of investment.

#### What's new or hasn't changed?

- New - need to disclose the total contract value of each type of fully benefit investment contract (traditional and synthetic) on the face of financials or in the notes
- A description of the nature of each investment contract and how they operate
- Description of events limiting the ability of the plan to transact at contract value, including a statement these events are not probable of occurring
- Description of events and circumstances that would allow the issuer to terminate the contracts and settle at an amount different from contract value.
- Form 5500 Schedules H and I are still required to be reported at fair value. This will create a reconciling footnote from the Form 5500 to the financials.

<p>7.1.1</p>	<p><b>What is a stable value contract?</b></p>	<p>Generally, there are two types of stable value investment contracts: traditional GICs and synthetic wraps. A GIC is an investment contract issued by an insurance company or bank that provides for the payment of a specified rate of interest to the fund and for the repayment of principal when the contract matures.</p> <p>A synthetic wrap unbundles the investment and insurance components of a traditional GIC. The plan invests in and retains ownership of a pool of fixed income securities (<u>e.g.</u>, government securities, private and public mortgage-backed securities, other asset-backed securities and investment grade corporate obligations, etc.). These securities are ‘wrapped’ by a synthetic investment contract issued by a bank or insurance company insuring participant-initiated withdrawals from the stable value fund will be paid at book value. There is no immediate recognition of gains and losses on the pool of securities. Instead, the gain or loss is recognized over time by adjusting the interest rate credited to the fund under the synthetic wrap.</p>
<p>7.1.2</p>	<p><b>What does ‘fully benefit-responsive’ mean for a stable value contract?</b></p>	<p>Stable value investment contracts carry a ‘benefit responsiveness’ feature allowing plan participants to make exchanges or request benefit payments at contract value. Only ‘fully benefit-responsive’ investment contracts are eligible for contract value accounting treatment.</p> <p>‘Fully benefit responsive’ describes a contract satisfying the requirements for contract value accounting described in the FSP. Generally, the term ‘fully benefit responsive’ describes the contract’s guarantee (1) the crediting rate provided under the contract will not fall below zero and (2) participant-initiated withdrawals from the fund (i.e., withdrawals as the result of death, disability, retirement, termination of employment, hardship withdrawal, loan and transfers to a non-competing fund) will be covered at contract value.</p>
<p>7.1.3</p>	<p><b>When should an investment contract be considered fully benefit-responsive?</b></p>	<p>A fully benefit-responsive investment contract must meet the following requirements.</p> <ol style="list-style-type: none"> <li>a) Investment contracts must be negotiated directly between the fund and the issuer and prohibit the fund from assigning or selling the contract or its proceeds to another party without the consent of the issuer.</li> <li>b) Either (1) repayment of principal and interest credited to participants in the fund must be guaranteed by the issuer of the investment contract or (2) prospective interest crediting rate adjustments must be provided to participants in the fund on a designated pool of investments held by the fund or contract issuer whereby a financially responsible third party, through a synthetic wrap, must provide assurance the adjustments to the interest crediting rate will not result in a future interest crediting rate less than zero. If an event has occurred affecting the realization of full contract value for a particular investment contract (i.e., a decline in creditworthiness of the contract issuer or wrap provider), the investment contract is no longer considered fully benefit-responsive.</li> <li>c) The terms of the investment contract must require permitted participant-initiated transactions with the fund to occur at contract value with no conditions, limits or restrictions. Permitted participant-initiated transactions are transactions allowed by the underlying defined-contribution plan, such as withdrawals for benefits, loans or transfers to other funds within the plan.</li> <li>d) An event limiting the ability for the fund to transact at contract value with the issuer (i.e., premature termination of the contracts by the plan, plant closings, layoffs, plan termination, bankruptcy, mergers, early retirement incentives) must be probable of not occurring.</li> <li>e) The fund itself must allow participants reasonable access to their funds.</li> </ol>

7.1.4	<b>What is contract value?</b>	For a stable value fund, contract value is equal to the sum of the benefits owed to participants in the fund. For a particular participant in the fund, contract value is equal to the sum of the participant's invested principal plus all accrued interest.
7.1.5	<b>What is fair value?</b>	For a stable value fund, fair value is equal to the sum of the market value of the fund's investments (i.e., fixed income investments, synthetic wraps, traditional GICs, cash).
7.1.6	<b>What is a wrap contract?</b>	<p>A wrap contract (or synthetic wrap) is an agreement by another party, such as a bank or insurer, to make payments to the fund in certain circumstances. Wrap contracts allow a stable value fund to maintain a constant NAV and protect the fund in extreme circumstances.</p> <p>In a typical wrap contract, the wrap issuer agrees to pay the fund the difference between the book value and the market value of the covered assets (i.e., the fixed income assets purchased by the stable value fund) once the fund's market value has been exhausted. Though relatively unlikely, this could happen if the fund experiences significant redemptions (redemption of most of the fund's shares) during a time when the market value of the fund's covered assets is below book value and market value is reduced to zero. If it occurs, the wrap issuer agrees to pay the fund an amount sufficient to cover shareholder redemptions and certain other payments (such as fund expenses), provided the terms of the wrap contract have been met.</p> <p>Purchasing wrap contracts is similar to buying insurance, in that the fund pays a relatively small amount to protect against a relatively unlikely event (the redemption of most of the shares of the fund). The wrap contracts are revalued annually based on each plan's fiscal year end.</p> <p><i>Note: When the wrap contract amount is equal to \$0.00, there is no difference between the current and wrap rebid rates at the time the reporting period ends. Therefore there is no adjustment to the total net assets at fair value.</i></p>
7.1.7	<b>Is contract or fair value reflected in the Fidelity year end reports for fully benefit responsive stable value investments?</b>	Assets are presented at fair value with the exception to fully benefit responsive investment contracts which are presented at contract value. The remainder of this Section provides a great deal of information around required contract value and fair value disclosures.
7.1.8	<b>Why does the Summary of Net Trust Assets/Summary of Net Assets for 403(b) plans differ from the SOPO for the plan's stable value investment option?</b>	<p><u>Summary of Plan Operations</u></p> <ul style="list-style-type: none"> <li>Reflects the beginning balance, ending balance and participant activity for the plan year, as maintained at the fund level of the stable value investment option or guaranteed investment option.</li> </ul> <p>This information is a summary of the activity reported on your monthly Fidelity Trial Balances.</p> <p><u>Summary of Net Trust Assets/Summary of Net Assets for 403(b) plans, the 5500 Worksheet, and the Summary of 5% Reportable Transactions</u></p> <ul style="list-style-type: none"> <li>Reflect the balances and activity within each of the underlying contracts held in the stable value portfolio or guaranteed investment option. The underlying contract information is needed to complete Form 5500.</li> </ul>

## 7.2 Accounting Standards Updates (ASU) 2015-07

### What are some of the changes that came out of ASU 2015-07?

Investments that use the 'practical expedient' can be removed from the hierarchy tables; and can use the Net Asset Value (NAV) for fair value. This would apply to the Fidelity MIP (I & II) and Fidelity Advisor Stable Value Fund.

The change was effective for fiscal years **beginning after 12/15/2015** for public business entities (for all other entities for fiscal years beginning at 12/15/2016).

Form 5500 Schedule H and I are still required to be reported at fair value per the Form 5500 instructions. This will create a reconciling footnote from the Form 5500 to the financials.

### **Removing Investments from the Hierarchy Tables Using the Practical Expedient**

Generally trustees or custodians can't tell a client whether the investments meet the definition of readily determinable market value since they don't provide GAAP guidance. The GAAP guidance is better to come from the clients auditors; however, we can help clients through the process of determining whether to eliminate or not eliminate a fund from the FV Hierarchy by following the steps below.

#### **1. What type of Funds does the plan hold?**

- a. Review the Form 5500 Worksheet. It reports by the legal structure of the fund and is a good place to start.
- b. Registered Investment Company funds - these typically would have a readily determinable fair value
- c. Common/Collective Trusts (CCT) – If you have CCT's go to **Step 2**.
- d. Target date funds – If you have a ticker, these are publicly traded and typically would have readily determinable fair value. If they do not, they are not publicly traded. Typically the ticker symbols can be found on the Supplemental Schedule C Report, under the eligible indirect compensation section.

#### **2. For Fidelity Management Trust Company CCT(s)**

- a. The NAV(s) per share are calculated in a manner consistent with FASB's measurement principles for investment companies ASC 946.
- b. They are valued daily and are the basis of current transactions.
- c. Due to the technical correction 2015-10 you may need to discuss with your auditors if the practical expedient applies.
  - i. If you determine you can use the practical expedient, see the info below for your disclosures.
  - ii. If you cannot use the practical expedient, you should discuss with your auditor what may be needed and what is the best fair value leveling practice. At this time there are differences in the industry as to the hierarchy level.

### **Disclosure Information:**

#### **Fidelity Management Trust Company Stable Value Funds**

Managed Income Portfolio	Managed Income Portfolio II	Fidelity Advisor Stable Value Portfolio
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#### **Unfunded commitments:**

We confirm there were no unfunded commitments on the Fidelity stable value commingled pools as of 12/31/2024. (Managed Income Portfolio I and II, the Fidelity Advisor Stable Value Fund)

#### **Redemption frequency:**

Participant level transactions (like a withdrawal) take place daily – typically the liquidation would be requested on one day and processed the next business day.

Plan level liquidations (like a deconversion to another recordkeeper) – require notice to Fidelity and could result in the plan’s investment in MIP being placed into an investment only account for up to 12 months.

These funds do file a Form 5500 as a Direct Filing Entity with the Department of Labor. See Section 6.1.21 for Direct Filing Entity Schedule D information.

### **Fidelity Management Trust Company Commingled Pools**

Equity Income Comm PI	Low Priced Stock Comm PI	Growth Company Comm PI	OTC Comm PI
Short Intermediate Prime Comm PI	Contrafund Comm PI	International Discovery Comm PI	Mid Cap Stock Comm PI
Short Intermediate Com PI	Diversified International Comm PI	Blue Chip Growth Comm PI	Magellan Comm PI

#### **Unfunded commitments:**

We confirm there were no unfunded commitments on the Fidelity commingled pools listed above as of 12/31/2024.

#### **Redemption frequency:**

- Participant level transactions (like a withdrawal) - take place daily
- Plan level liquidations (like a deconversion to another recordkeeper) – require notice to Fidelity.
- For these funds there is not a redemption notice period, but significant cash flow policies may apply. If a plan sponsor notifies Fidelity of an upcoming event such as a plan termination, plan merger, or if they want to terminate or add a pool to their plan; an analysis to determine if the cash flow breaches the materiality threshold for the specific pools will be calculated.
- These funds do file a Form 5500 as a Direct Filing Entity with the Department of Labor. See Section 6.1.21 for Direct Filing Entity Schedule D information.

**For Fidelity Institutional Asset Management (FIAM) funds** – This information should be requested from Fidelity’s Audit Support Team.

### **3. For Non-Fidelity CCT(s)**

- Fidelity would typically not have the measurement principles for the non-Fidelity fund nor the information for your information related for use of the practical expedient.
- You may need to reach out to the outside fund company for more information.
- We’ve included in number d. below, four steps to help you determine if you have a readily determinable FV and whether you should include in your hierarchy tables.
- Do the funds have a readily determinable market value and should they be included in the hierarchy tables?
  - Are prices currently available on the U.S. registered exchange or publicly reported on the over the counter market?
    - YES – Include in FV hierarchy.
    - NO – Go to next step.

- ii. Is the investment traded in a comparable foreign market?
  1. YES – Include in FV hierarchy.
  2. NO – Go to next step.
- iii. Is the fair value per share determined and published and is the basis for current transactions? NOTE: ‘published’ is much debated at this time in the industry; it is important you talk with your auditor to determine how they define based on the 2015-10 technical correction.
  1. YES – Include in FV hierarchy.
  2. NO – Go to next step.
- iv. Is the NAV per share calculated as of the plans measurement date?
  1. YES – Go to next step.
  2. NO – Apply fair valuation techniques and include in tables – See ASU 2015-12, Part III.
- v. Is the NAV per share calculated in a manner consistent with FASB’s measurement principles for investment companies ASC 946? Hint: a good place to look would be under the Significant Accounting Policies in the fund’s annual report.
  1. YES – Apply the practical expedient and remove from hierarchy tables.
  2. NO – Apply fair valuation techniques and include in tables.

**General Fund Information** – In PSW®, go to ‘Administer Plans’ and choose ‘Plan Investments’. Then choose ‘Plan Performance’. Here, each investment is listed. Click on each fund name to view additional information. Information such as objective, strategy, risk and additional disclosure information may be available.

#### **Calculating Fair Value and the Adjustment from Contract Value for Fidelity Pooled Stable Value Funds**

Fair value for the pooled stable value funds is captured at the fund level. To help satisfy the Form 5500 reporting requirement, the individual plan account balance at fair value is calculated using the following steps:

1. Calculate the plan’s percentage of the total book value of the pooled investment.
  - Divide the plan’s book value, reported on the Summary of Plan Operations, by the Fund Total Investment at Contract Value shown as (A) below.
2. Calculate the plan’s fair value using the book value percentage.
  - Multiply the net assets at fair value shown as (B) below by the book value % obtained in Step 1.
3. Calculate the current year adjustment to income.
  - Adjust Net Investment Gain/Loss - Com/Coll Trust by difference between plan book value and plan fair value.

<b>Managed Income Portfolio</b>			
<b>Period ending</b>	<b>12/31/2023</b>	<b>Period ending</b>	<b>12/31/2024</b>
Investments (at fair value)	\$6,021,101,798.42	Investments (at fair value)	\$4,922,994,383.70 (B)
Wrapper contracts (at fair value)	\$0.00	Wrapper contracts (at fair value)	\$0.00 (C)
Total Assets	\$6,021,101,798.42	Total Assets	\$4,922,994,383.70
Total liabilities	\$0.00	Total liabilities	\$0.00
Net assets at fair value	\$6,021,101,798.42	Net assets at fair value	\$4,922,994,383.70
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	\$363,461,415.46	Adjustment from fair value to contract value for fully benefit-responsive investment contracts	\$315,036,104.71
Total Investments at Contract/Book Value	\$6,384,563,213.88	Total Investments at Contract/Book Value	\$5,238,030,488.41 (A)
Contract value spot yield (credited to participants)	1.97%	Contract value spot yield (credited to participants)	2.41%
Market value spot yield (underlying investment return)	3.62%	Market value spot yield (underlying investment return)	3.87%

See the following pages for information on MIP, MIPII and Fidelity Advisor Stable Value (FASV) Funds.

Note on the 12/31/2024 wrap contract amount (C) of \$0.00: There was no difference between the current and wrap rebid rates as of 12/31/2024, and therefore no adjustment to the total net assets at fair value.

During 2024 the MIP(s) and FASV structures changed. These funds are no longer investing in individual securities, but now invest in the Fidelity Short-Intermediate Enhanced Commingled Pool (Enhanced Pool). The Enhanced Pool files a Form 5500 with the Department of Labor (DOL) as a Direct-Filing Entity. Annual reports and holdings reports can be found on PSW® on the Plan Year End Summary page, on the General Audit Documents tab.

## Sample Calculation

Plan Name - ABC		
Fund Name - Managed Income Portfolio		
Form 5500 Reporting		
<b>Step 1</b>	<b>Compute plan's contract (book) value %</b>	<b>Year Ending 12/31/24</b>
Plan	Managed Income Portfolio ending balance on the <b>Summary of Plan Operations</b> . (Represents the plan's book/contract value).	\$45,200,000.00
Fund	Total Investments at Contract Value (Total Investments at Contract Value reported on previous page)	\$5,238,030,488.41
Plan's %	Computed: The plan's book value % (9 decimal places) (\$45,200,000.00 divided by \$5,238,030,488.41)	0.862919758%
<b>Step 2</b>	<b>Compute plan's fair value amount</b>	
Fund	Investments at Fair Value (Investments at Fair Value reported on previous page)	\$4,922,994,383.70
Fund	Total Wrapper Rebid Value (Total Wrapper Rebid Value reported on previous page)	\$0.00
Fund	Computed: Net Assets at Fair Value (B+C)	\$4,922,994,383.70
Plan	Computed: Plan Investments at Fair Value (\$4,922,944,383.70 multiplied by 0.862919758%)	\$42,481,491.21
Plan	Computed: Plan's Wrapper Rebid Value (\$0.00 multiplied by 0.862919758%)	\$0.00
Plan	Computed: Plan at Fair Value (\$42,481,491.21 plus \$0.00)	\$42,481,491.21
<b>Step 3</b>	<b>Current Year Adjustment to Income</b>	
Plan	Net Invest Gain/Loss - Com./Coll Trust from the <b>Summary of Plan Operations</b>	\$1,920,266.80
Plan	Computed: Fair Value Adjustment to Net Invest Gain/Loss - Com./Coll Trust (\$42,481,491.21 minus \$45,200,000.00)	(\$2,718,508.79)
Plan	Net Invest Gain/Loss - Com./Coll Trust for Form 5500 reporting	<b>(\$798,241.99)</b>

(A)

(B)

(C)

### FUND LEVEL INFORMATION

For the calculation of a plan's fair value for reporting and disclosure purposes

Managed Income Portfolio			
<u>Period ending</u>	<u>12/31/2023</u>	<u>Period ending</u>	<u>12/31/2024</u>
Investments (at fair value)	\$6,021,101,798.42	Investments (at fair value)	\$4,922,994,383.70
Wrapper contracts (at fair value)	<u>\$0.00</u>	Wrapper contracts (at fair value)	<u>\$0.00</u>
Total Assets	\$6,021,101,798.42	Total Assets	\$4,922,994,383.70
Total liabilities	<u>\$0.00</u>	Total liabilities	<u>\$0.00</u>
Net assets at fair value	\$6,021,101,798.42	Net assets at fair value	\$4,922,994,383.70
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	<u>\$363,461,415.46</u>	Adjustment from fair value to contract value for fully benefit-responsive investment contracts	<u>\$315,036,104.71</u>
Total Investments at Contract/Book Value	<b>\$6,384,563,213.88</b>	Total Investments at Contract/Book Value	<b>\$5,238,030,488.41</b>

Contract value spot yield (credited to participants)	1.97%
Market value spot yield (underlying investment return)	3.62%

Contract value spot yield (credited to participants)	2.41%
Market value spot yield (underlying investment return)	3.87%

Managed Income Portfolio II			
<u>Period ending</u>	<u>12/31/2023</u>	<u>Period ending</u>	<u>12/31/2024</u>
Investments (at fair value)	\$16,787,572,818.92	Investments (at fair value)	\$14,124,643,287.20
Wrapper contracts (at fair value)	<u>\$0.00</u>	Wrapper contracts (at fair value)	<u>\$0.00</u>
Total Assets	\$16,787,572,818.92	Total Assets	\$14,124,643,287.20
Total liabilities	<u>\$0.00</u>	Total liabilities	<u>\$0.00</u>
Net assets at fair value	\$16,787,572,818.92	Net assets at fair value	\$14,124,643,287.20
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	<u>\$996,693,958.79</u>	Adjustment from fair value to contract value for fully benefit-responsive investment contracts	<u>\$859,788,004.76</u>
Total Investments at Contract/Book Value	<b>\$17,784,266,777.71</b>	Total Investments at Contract/Book Value	<b>\$14,984,431,291.96</b>

Contract value spot yield (credited to participants)	2.13%
Market value spot yield (underlying investment return)	3.34%

Contract value spot yield (credited to participants)	2.72%
Market value spot yield (underlying investment return)	3.87%

Fidelity Advisor Stable Value Fund			
<u>Period ending</u>	<u>12/31/2023</u>	<u>Period ending</u>	<u>12/31/2024</u>
Investments (at fair value)	\$1,050,262,681.04	Investments (at fair value)	\$785,375,541.26
Wrapper contracts (at fair value)	<u>\$0.00</u>	Wrapper contracts (at fair value)	<u>\$0.00</u>
Total Assets	\$1,050,262,681.04	Total Assets	\$785,375,541.26
Total liabilities	<u>\$0.00</u>	Total liabilities	<u>\$0.00</u>
Net assets at fair value	\$1,050,262,681.04	Net assets at fair value	\$785,375,541.26
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	<u>\$65,297,357.95</u>	Adjustment from fair value to contract value for fully benefit-responsive investment contracts	<u>\$55,966,720.83</u>
Total Investments at Contract/Book Value	<b>\$1,115,560,038.99</b>	Total Investments at Contract/Book Value	<b>\$841,342,262.09</b>
Contract value spot yield (credited to participants)	1.83%	Contract value spot yield (credited to participants)	2.15%
Market value spot yield (underlying investment return)	3.44%	Market value spot yield (underlying investment return)	3.92%

## 7.3 Custom Funds

### Types of Custom Accounts

Custom Accounts are investment options which are created by the Plan Sponsor, investment manager or consultant for a defined benefit or defined contribution plan. Custom Accounts include strategy funds, separately managed accounts, custom stable value accounts, certain annuities and unitized company stock accounts. Custom Accounts are not publicly available or traded on any exchange and are only available to the plan(s) for which they were created. Custom Accounts may be referred to as ‘white label funds’, ‘white label solutions’ or ‘private funds’ in the industry. Types of Custom Accounts covered by this operating guide are included below.

**Strategy Accounts** are typically comprised of multiple underlying investment products commonly referred to as components. The underlying components may include mutual funds, commingled pools/common collective trusts, and/or separately managed accounts with specific target allocations specified by the Plan Sponsor and administered by FMTC. Strategy Accounts are also sometimes referred to as ‘unitized strategies’ or ‘funds of funds’. Strategy Accounts can be offered as a direct participant investment option in a defined contribution/benefit plan and/or used as a component within a Custom Account.

**Separately Managed Accounts** (also referred to as ‘Separate Accounts’) are portfolios of securities typically managed by an Investment Manager for a specific plan or Plan Sponsor. The Plan Sponsor works directly with the Investment Manager to outline investment guidelines and investment management fees in an Investment Management Agreement. Separate Accounts require custody and safekeeping of the assets and daily valuation. Separate accounts can be offered as a direct participant investment option in a defined contribution/benefit plan and/or used as a component within a Strategy Account.

**Custom Stable Value Accounts** are a type of fixed income investment option available to participants in defined contribution plans. These accounts typically maintain a “stable” price of \$1 per unit and customarily distribute a monthly income amount. The accounts are typically comprised of insurance contracts or wrapped fixed income portfolios, plus a percentage of a short-term investment fund (STIF) used to meet participant requests to sell units (for exchanges-out, withdrawals, distributions or loans). Custom Stable Value Accounts are often offered as direct participant investment options in a defined contribution plan and/or used as a component in a Strategy Account.

**Unitized Company Stock Accounts** are comprised of company stock that is issued by the plan’s employer or non-employer, plus a percentage of a STIF vehicle. STIF vehicles are used to meet participant requests to sell units (for exchanges-out, withdrawals, distributions or loans) without waiting the standard one business day trade settlement period for the proceeds from an individual stock sale to be received. Unitized Company Stock Accounts are often offered as direct participant investment options in a defined contribution account. Fidelity also offers real-time traded and share accounted stock funds, which are not described in this document.

Most custom funds can be identified by the four-digit fund code on a plan’s Trial Balance. Separate Accounts, Unitized Stock Accounts and Strategy Funds often have fund codes that begin with ‘T’. Most stable value accounts will begin with ‘G’ but can also begin with ‘T’. See Section 3.9 to identify the Fidelity SOC 1 report that covers the record-keeping of the custom funds.

## PSW® Custom Fund Administration Reporting

[This recorded video](#) provides additional information and instructions on navigating and viewing information now available in PSW® for custom funds.

These capabilities will allow you to view reports pushed to the plan sponsor from Fidelity Management Trust Company. Additional reports and templates that may include custom fund holdings, security transactions, fund performance, and asset allocation can now be requested from PSW®. For any additional questions on the PSW® functionality, contact the custom fund Account Manager.

Access to these PSW® features are usually granted to plan sponsors with a custom fund. Third parties may not have access and will need to work with the plan sponsor to obtain access.

7.3.1	<p><b>Which Fidelity company maintains the unitized employer stock, separate account and strategy funds?</b> (Ref: Fidelity Investments)</p>	<p>Fidelity Fund and Investment Operations (FFIO) maintains the unitized accounts on the Invest One Accounting System in accordance with procedures established by the plan administrator. The Fidelity Participant Recordkeeping System (FPRS), where the plan is recordkept as a whole, sends daily automated feeds of net fund activity to the Invest One Accounting System. Plan administrators will receive in their Plan Year End Summary Package the NAV-SHARE RECON, which is the reconciliation between the Invest One and FPRS systems.</p>											
7.3.2	<p><b>How is the unit value calculated?</b> (Ref: Fidelity Investments)</p>	<p>Fidelity calculates the daily NAV of any Custom Accounts using a dedicated fund accounting and pricing team. To calculate the NAVs, Fidelity receives daily prices of the underlying securities and components from various pricing vendors and investment managers. These prices are used to determine the total net assets for each fund. The total net assets are then divided by the total units outstanding to strike the NAV.</p> <p>The NAV calculation process is typically completed between 6pm – 8pm EST. Once completed the NAV's are sent to the Fidelity recordkeeping system and are used to process activity for that night.</p> <p>Formula for NAV Calculation:  <b>Assets – Liabilities = Total Net Assets</b>  <b>Total Net Assets/Outstanding Participant Units = Net Asset Value (NAV)</b></p> <p>Controls associated with the NAV calculation can be found in the Fidelity Fund and Investment Operations (FFIO) SOC 1 report.</p>											
7.3.3	<p><b>How is the unitized employer stock fund reported on Form 5500?</b> (Ref: Form 5500 Instructions)</p>	<p>Unitized stock funds are subject to the 'look through' rule and must report the underlying securities and cash portion separately on the following lines:</p> <table border="1" data-bbox="483 1457 1485 1696"> <thead> <tr> <th></th> <th>Stock</th> <th>Cash</th> </tr> </thead> <tbody> <tr> <td>≥ 100 Participants</td> <td>Form 5500 Schedule H (Large Plan) 1(d)(1)</td> <td>Form 5500 Schedule H (Large Plan) 1(c)(1)</td> </tr> <tr> <td>&lt; 100 Participants</td> <td>Form 5500 Schedule I (Small Plan) individually on 3(d) &amp; included on 1(a)</td> <td>Form 5500 Schedule I (Small Plan) 1(a)</td> </tr> </tbody> </table>				Stock	Cash	≥ 100 Participants	Form 5500 Schedule H (Large Plan) 1(d)(1)	Form 5500 Schedule H (Large Plan) 1(c)(1)	< 100 Participants	Form 5500 Schedule I (Small Plan) individually on 3(d) & included on 1(a)	Form 5500 Schedule I (Small Plan) 1(a)
	Stock	Cash											
≥ 100 Participants	Form 5500 Schedule H (Large Plan) 1(d)(1)	Form 5500 Schedule H (Large Plan) 1(c)(1)											
< 100 Participants	Form 5500 Schedule I (Small Plan) individually on 3(d) & included on 1(a)	Form 5500 Schedule I (Small Plan) 1(a)											
7.3.4	<p><b>What is the purpose of the line of credit for the company plan's unitized employer stock fund?</b> (Ref: PYES Package)</p>	<p>The purpose of the line of credit from unaffiliated banks is to provide temporary liquidity for certain investment options with insufficient liquidity as a result of unexpected or unusual participant activity. If available, the line of credit will only be used if a plan allows participants to invest their assets in unitized employer stock and stable value contracts. Under this arrangement, the financial institution extends credit to the plan in the event there is insufficient cash due to a participant's redemption transaction. The line of credit will be repaid once sufficient cash is generated.</p>											

7.3.5	<b>How are gains and losses calculated for the unitized funds?</b>	<p>The FD490 Reports use revalued cost method to determine the gains and losses.</p> <p>The GCR Annual Trust Report uses the historical cost method.</p>
7.3.6	<b>Is the line of credit a prohibited transaction?</b> (Ref: PYES Package)	<p>FMTC applied and received an exemption from the prohibited transaction rules of the Employee Retirement Income Securities Act of 1974 (ERISA), with respect to the administration of lines of credit obtained by Fidelity for certain funds that serve as investment options in 401(k) and similar plans for which Fidelity provides administrative recordkeeping services. The exemption allows interest costs on borrowings obtained from these lines of credit to be paid by the borrowing funds. The exemption was granted by the DOL and was published in the Federal Register on December 30, 2002.</p>
7.3.7	<b>What is the difference between the Fidelity Guaranteed Investment Daily Equity System, InvestOne and the Fidelity Participant Recordkeeping System?</b>	<p>There are various accounting systems used by Fidelity to recordkeep client retirement plan information, records and trust assets. Fidelity uses the Fidelity Participant Recordkeeping System (FPRS) to recordkeep plan information, individual participant records and trust records for plan assets invested in mutual funds and commingled pools. All of this information is reported in the Summary of Net Trust Assets/Summary of Net Assets for 403(b) plans and 5500 Worksheet. FPRS updates participant and trust records to reflect mutual fund and commingled pooled transactions on a 'same-day' settlement basis (i.e., the mutual fund and commingled pool records are updated to reflect the transactions on the same day the participant records on FPRS are updated).</p> <p>Separate Fidelity computer accounting systems are used to recordkeep trust-level records for plan assets invested in individually managed stable value investment options (GIC Funds) and unitized investment options, such as unitized stock funds and strategy funds (Unitized Funds). The trust-level records for the GIC Funds are maintained on the Guaranteed Investment Daily Equity System (GUIDE); trust-level records for Unitized Funds are maintained on the InvestOne System (InvestOne). However, individual records for participants whose assets are invested in GIC Funds and/or Unitized Funds are recordkept on FPRS.</p> <p>Transactions posted to GIC Funds and Unitized Funds on FPRS are transmitted to GUIDE and InvestOne on a 'trade date plus one' settlement basis. This creates a one-business day delay to update the trust records on GUIDE and InvestOne. This mean there will be a difference in the amount of any transactions and the value of the plan assets on both FPRS and the trust accounting system(s) for any transactions initiated on the last day of the plan year for any GIC or Unitized Fund transactions.</p>
7.3.8	<b>Where can I find the backup for the receivables within the fund?</b>	<p>The detail for receivables can be found on report FD490 broken down into three categories:</p> <p>Employer:</p> <ul style="list-style-type: none"> <li>• Employer contributions posted in the Fidelity Participant Recordkeeping System (FPRS) that posted on the last day of the plan year but did not settle in the custom fund until the following plan year. Support can be found on a contribution detail report that includes the contributions that posted on the last day. The contributions will be reported on the Summary of Plan Operations, and as a receivable on the custom fund trust statements (GCR, FD490)</li> </ul> <p>Participant:</p> <ul style="list-style-type: none"> <li>• An employee contribution or rollover; similar to 'employer' transaction above</li> </ul> <p>Other:</p> <ul style="list-style-type: none"> <li>• Includes all other participant transactions that posted to FPRS as credits on the last day of the plan year (exchanges-in, loan payments, loan interest, forfeiture credits). Support can be found on an Audit Plan Level Activity report that includes the contributions that posted on the last day. These transactions will be reported on the Summary of Plan Operations, and as an 'other' receivable on the trust statements (GCR, FD490)</li> <li>• Includes Investment Security Sold, which is a sale of an underlying investment within the fund during the reporting period but is not settling until after the reporting period. Trades of most common stock typically settle one business day after trade date, which is the standard in the industry.</li> <li>• Miscellaneous adjusts made to Capital Stock during the period, but not settling within the custom fund until after the reporting period.</li> </ul>

7.3.9	Where can I find the backup for the payables within the fund?	<p>The detail for payables can be found on report FD490 broken down into three categories:</p> <p><b>Benefit Claims Payable:</b></p> <ul style="list-style-type: none"> <li>Participant transactions that posted in the Fidelity Participant Recordkeeping System (FPRS) on the last day of the plan year but did not settle in the custom fund until the following plan year. These debits would include benefit payments, fees, exchanges-out, loan withdrawals, and forfeiture debits. Support can be found on an Audit Plan Level Activity Report that includes the debits that posted on the last day. The debits will be reported on the Summary of Plan Operations based on transaction type, and as a liability on the custom fund trust statements (GCR, FD490).</li> </ul> <p><b>Operating Payable:</b></p> <ul style="list-style-type: none"> <li>Expenses accrued in the fund, during the period, and have not been paid.</li> </ul> <p><b>Other:</b></p> <ul style="list-style-type: none"> <li>Includes Investment Security Purchased, which is a purchase of an underlying investment within the custom fund during the reporting period but is not settling until after the reporting period. Trades of most common stock typically settle one business day after trade date, which is the standard in the industry.</li> <li>Misc. adjusts made to Capital Stock during the period, but not settling until after the reporting period within the custom fund.</li> <li>A negative USD cash position will show-up in this section.</li> <li>Foreign Currency Contacts (with a loss) that the custom fund holds.</li> </ul>																								
7.3.10	<p>When is SEC Form 11-K required to be filed by a DC plan that contributes employer stock to plan participants? (Ref: SEC Form 11-K &amp; AICPA Audit &amp; Accounting Guide.)</p>	<p>The Securities and Exchange Commission (SEC) requires a company sponsoring a defined contribution plan that includes employer stock to file SEC Form 11-K within 180 days after plan year end. (There are no extensions to the 180-day deadline and the filing requires a full-scope audit be performed on the plan.) However, the 1933 Act provides an exemption from registration requirements for DB &amp; DC plans not involving the purchase of employer securities with employee contributions. SEC Form 11-K provides detailed information about the plan investments for the past two years and other plan specific information. The plan sponsor must sign the filing before it is filed with the SEC.</p>																								
7.3.11	How can you test the NAV for a Unitized Stock or Custom Fund?	<p>The NAV reporting on the PYE Reporting Package for the Unitized Stock or Custom Fund is represented at a 'Unit Value'. This Unit Value/NAV cannot be independently verified on the open market due to the unit value and multiple underlying securities. The underlying securities in the Unitized Fund can be verified by obtaining the Annual GCR Report which lists all securities and the NAV for the last day of the reporting period.</p>																								
7.3.12	<p>Why are there differences between the Trial Balance and the Summary of Net Trust Assets or the Summary of Net Assets for 403(b) plans? (Ref: PYES Package)</p>	<p>The NAV is calculated by taking the total market value of the account and dividing by the outstanding units. It is reported at ten decimal places in the trust reporting system, but is rounded to only two decimal places in the FPRS. These rounding conventions result in market value differences between the two systems.</p> <table border="0" style="width: 100%; text-align: center;"> <tr> <td colspan="3"><b>Plan Trial Balance</b></td> </tr> <tr> <td><b>Shares</b></td> <td><b>NAV</b></td> <td><b>Market Value</b></td> </tr> <tr> <td>2,784,068.462</td> <td>\$38.92</td> <td>\$108,355,944.54</td> </tr> <tr> <td colspan="3"><b>Per Trust Company Report</b></td> </tr> <tr> <td><b>Shares</b></td> <td><b>NAV</b></td> <td><b>Market Value</b></td> </tr> <tr> <td>2,784,068.170</td> <td>\$38.9185886565</td> <td>\$108,352,003.90</td> </tr> <tr> <td><b>Share Variance</b></td> <td></td> <td><b>Market Value Variance</b></td> </tr> <tr> <td>0.292</td> <td></td> <td>\$3,940.64</td> </tr> </table> <p>See <a href="#">Section 5.1.6</a> for other differences caused by the deemed loans.</p>	<b>Plan Trial Balance</b>			<b>Shares</b>	<b>NAV</b>	<b>Market Value</b>	2,784,068.462	\$38.92	\$108,355,944.54	<b>Per Trust Company Report</b>			<b>Shares</b>	<b>NAV</b>	<b>Market Value</b>	2,784,068.170	\$38.9185886565	\$108,352,003.90	<b>Share Variance</b>		<b>Market Value Variance</b>	0.292		\$3,940.64
<b>Plan Trial Balance</b>																										
<b>Shares</b>	<b>NAV</b>	<b>Market Value</b>																								
2,784,068.462	\$38.92	\$108,355,944.54																								
<b>Per Trust Company Report</b>																										
<b>Shares</b>	<b>NAV</b>	<b>Market Value</b>																								
2,784,068.170	\$38.9185886565	\$108,352,003.90																								
<b>Share Variance</b>		<b>Market Value Variance</b>																								
0.292		\$3,940.64																								

## 7.4 Stock Purchase Accounts for Real Time Traded and Share Account Stock

7.4.1	<p><b>What is the stock purchase account (SPA)?</b></p>	<p>The SPA is an account utilized to facilitate the money movements associated with share accounted stock. As the market place only recognizes whole share trades and Fidelity record keeps fractional shares, the SPA houses the resulting differences normal trading activity causes. SPA account balances are invested in Fidelity® Government Cash Reserves fund.</p>
7.4.2	<p><b>What happens to money in the SPA account?</b></p>	<p>Dependent on participant activity, market conditions and trade frequency, coupled with the per share price (the higher the price, the greater the resulting cash piece associated with fractional shares), SPA balances are allocated to participants by 'interest spreads.' Financial Operations will analyze the cash position (avoiding an overdraft position), historical data, participant base and segment. Based on the recommendation of the analysis, Financial Operations will use the cash to buy additional shares and allocates them on a pro-rata basis to participants.</p> <p>The larger your holdings in stock, the larger your piece of the SPA account allocation. The allocation of these additional shares is usually small per participant and does appear as interest and dividends on participant statements. Allocations are spread once annually if needed at year-end using the plan's dividend methodology unless noted otherwise.</p>
7.4.3	<p><b>Is the SPA account covered in the Fidelity Workplace Services (FWS) SSAE 18/ SOC 1</b> <i>(also referred to as the DC Recordkeeping SSAE 18/ SOC 1)?</i></p>	<p>Yes, although not specifically mentioned, the DC Recordkeeping SSAE 18/ SOC 1 speaks to the reconciliation performed for share accounted stock inclusive of the SPA.</p>

## 7.5 Self-Directed Brokerage (SDB) Accounts

7.5.1	<p><b>What is the self-directed brokerage feature?</b> (Ref: <i>Fidelity Investments</i>)</p>	<p>Self-directed brokerage (SDB), also known as Fidelity BrokerageLink® or (BLNK), is a service offered to qualifying clients allowing plan participants the opportunity to invest in a wide array of securities. Participants can elect to invest their plan assets in individual securities by establishing a plan level Fidelity brokerage account. BrokerageLink services are provided by Fidelity Brokerage Services, Member NYSE, SIPC.</p>
7.5.2	<p><b>What is the difference between the Fidelity Brokerage System and the Fidelity Participant Recordkeeping System?</b></p>	<p>Participants have the ability to make transfers from/to their mutual fund options and Brokerage Link accounts on any business day unless the plan imposes restrictions. These transfers are processed on FPRS on a 'same-day' settlement basis (i.e., the transfers are reflected on both the Brokerage Link system and FPRS on the same day). However, transfers from the mutual fund options on FPRS to the Brokerage Link accounts are processed on a 'trade date plus one' settlement basis and this creates a one-business day delay to update the Brokerage Link accounts. Thus there will be a difference in the amount of any transaction and the value of the plan assets on both FPRS and FBSI for any transaction initiated on the last day of the plan year. To account for this FPRS activity not posted to the brokerage accounts on the last day of the plan year, the pending transactions are reported as 'Noninterest-bearing cash' on the Summary of Net Trust Assets/Summary of Net Assets for 403(b) plans and the 5500 Worksheet. The transferred assets will be reflected in FBSI accounts on the next business day.</p> <p>Brokerage Link is the self-directed brokerage option for participants in a Fidelity client's retirement plan. An individual brokerage account is established and maintained by Fidelity Brokerage Services, Inc. on the FBSI for each participant who invests money in a 'Brokerage Link' account. Individual security records are maintained in FBSI but the Fidelity Participant Recordkeeping System (FPRS) only reflects the total value of each participant's brokerage account as of the close of business on any day. Participants using Brokerage Link also can invest their assets in all other available investment options offered in the plan.</p> <p>See illustration in 7.5.5 to reconcile SDB values on the Summary of Net Trust Assets to the Trial Balance and Summary of Plan Operations.</p>
7.5.3	<p><b>Why is there an adjustment on my Summary of Plan Operations and the Trial Balance?</b> (Reference: <i>Plan Year End Summary Package</i>)</p>	<p>The adjustment which appears on the SOPO and Trial Balance is the summation of the self-directed brokerage investment activity for the year. However, the 5500 Worksheet is formatted to break out this self-directed brokerage investment activity into its component parts (i.e. dividends, interest, unrealized and realized gains/losses).</p> <p>FPRS maintains accounts for all participants reflecting the plan's investment options including the self-directed brokerage balance. Plan participants' distributions, loans and total account balances are calculated daily from the FPRS. FBSI sends an automated daily feed to the FPRS reflecting the net change in market value of the self-directed investments for the day. This activity is posted in FPRS to the participants' BrokerageLink 'fund' as an 'Adjustment' so the balances on the FPRS will accurately reflect the market value in the FBSI brokerage accounts.</p> <p>The BrokerageLink 'fund' balance reported on the Summary of Plan Operations and the Trial Balance represents the market values of the participant accounts recordkept on the FPRS. Note: A BrokerageLink Asset Detail Report will be provided upon request.</p> <p>See illustration in 7.5.5 to reconcile SDB values on the Summary of Net Trust Assets to the Trial Balance and Summary of Plan Operations.</p>
7.5.4	<p><b>Which SOC 1 (SSAE18) report covers SDB?</b></p>	<p>Cash movements to and from the SDB accounts are included in the DC SOC 1 (SSAE18) report. For coverage of activity within the participant's BrokerageLink accounts, see the National Financial Services SOC 1 (SSAE18) report provided to plan sponsors with SDB.</p>

## 7.5.5 SDB Market Value and Adjustment Reconciliations

### Reconciling the market values of the Summary of Net Trust Assets to the Summary of Plan Operations

Summary of Net Trust Assets total market value	\$1,592,504,106.68
Summary of Plan Operations end of year market value	<u>\$1,592,493,970.91</u>
Difference	\$10,135.77

The SDB Recon folder can be found on the Requested Reports tab in PSW® and includes the Overview Worksheet and Transfer Worksheet. From the Overview Worksheet the detail to the 'difference' calculated above can be found.

Recordkeeping Balances in BrokerageLink fund	
Market Value per FPRS BrokerageLink	1,592,493,970.91
<b>Reconciliation Items:</b>	
Pricing Difference	0.00
Rounding Difference	(655.87)
Pending Trade Difference	10,791.64
Plan in Implementation at Year End	0.00
<b>Subtotal</b>	<b>10,135.77</b>
<b>FPRS Net Total</b>	<b>1,592,504,106.68</b>

### Reconciling FPRS Adjustment Amount to SDB Total Income

#### Calculating Difference

Adjustment amount from Summary of Plan Operations or Trial Balance  
 LESS: 'Total Income' from page 2 of SDB 5500 Worksheet in Brokerage Asset Detail Report  
 Difference

#### Reconciling Difference Items

'Net Adjustment to Income' from Transfer Worksheet  
 PLUS: Prior year market value difference from PY Overview Worksheet  
 LESS: Current year market value from CY Overview Worksheet  
 Difference

#### Example of Transfer Worksheet with 'Net Adjustments to Income'

47	Net Activity Per BrokerageLink Reporting System:	182,897,394.82	(308,445.65)
	Net Adjustments to Income		(244,135.38)

**Example of market value difference from Overview Worksheet (Subtotal)**

Recordkeeping Balances in BrokerageLink fund	
<b>Market Value per FPRS BrokerageLink</b>	1,592,493,970.91
<b>Reconciliation Items:</b>	
Pricing Difference	0.00
Rounding Difference	(655.87)
Pending Trade Difference	10,791.64
Plan in Implementation at Year End	0.00
<b>Subtotal</b>	<b>10,135.77</b>
<b>FPRS Net Total</b>	<b>1,592,504,106.68</b>

The Summary of Plan Operations and Brokerage Asset Detail Report can be found on the Plan Financials tab of the Plan Year End Summary Reports page in PSW®. The Overview Worksheet and the Transfer Worksheet can be found in the SDB Recon file in the Requested Reports tab.

## 7.6 Master Trust

7.6.1	<p><b>What is a master trust?</b> (Ref: Form 5500 Instructions)</p>	<p>A master trust is a trust for which a regulated financial institution serves as trustee or custodian (regardless of whether such institution exercises discretionary authority or control with respect to the management of assets held in the trust), and in which assets of more than one plan sponsored by a single employer or by a group of employers under common control are held. A 'regulated financial institution' means a bank, trust company, or similar financial institution, which is regulated, supervised, and subject to periodic examination by a state or federal agency. Common control is determined on the basis of all-relevant facts and circumstances (whether or not such employer is incorporated).</p>
7.6.2	<p><b>What does the master trust Form 5500 report?</b> (Ref: Master Trust Agreement)</p>	<p>The master trust filing provides a detail of the earnings and assets held within a Master Trust Investment Account (MTIA). Loans are generally not included as part of the MTIA. The Master Trust Agreement can be referenced for additional information related to the assets included and excluded from the MTIA. All non-MTIA investment activity within the trust is reportable as transfers-in and transfers-out (cash in/cash out).</p>
7.6.3	<p><b>Does any info about the master trust have to be filed on Form 5500?</b></p>	<p>The plan administrator must report certain information on Form 5500 for a master trust. The information is an integral part of the return/report of each participating plan and the plan's return/report will not be deemed complete unless all the information is filed within prescribed time.</p>
7.6.4	<p><b>What are the filing requirements for a master trust?</b> (Ref: Form 5500 Instructions)</p>	<p>The plan administrator for each retirement plan participating in the master trust arrangement must file a Form 5500 and related schedules. In addition, a Form 5500 and the schedules identified below may be filed for a master trust investment account:</p> <ul style="list-style-type: none"> <li>Schedule A Insurance Information</li> <li>Schedule C Service Provider Information</li> <li>Schedule D DFE/Participating Plan Information</li> <li>Schedule G Financial Transaction Schedules</li> <li>Schedule H Financial Information</li> </ul> <p>Other information may be required based on Form 5500 Instructions.</p>
7.6.5	<p><b>This is the 1<sup>st</sup> year our plan has a master trust, how do we get a 3-digit plan number and what EIN should be used?</b></p>	<p>The plan administrator must determine a 3-digit plan number unique to other plans the company may have. Do not use a 3-digit plan number from a terminated plan; that number may never be reused. Plan numbers for defined contribution plans should begin with 001; subsequent plans should be numbered 002, 003, etc. Do not assign plan numbers 888 or 999. Unless an EIN is established specifically for the MT, the plan sponsor's EIN should be used.</p>

<p>7.6.6</p>	<p><b>What are the impacts from ASU 2017-06 on plans that participate in a Master Trust?</b></p>	<p><b>ASU 2017-06 employee Benefit Plan Master Trust Reporting</b></p> <p>In February, 2017, FASB issued Accounting Standards Update 2017-06, providing clarity on the disclosures and presentation of financial statements for employee benefit plans that have an interest in a master trust. The update was effective for fiscal years beginning after December 15, 2018.</p> <p><b>What's new?</b></p> <ul style="list-style-type: none"> <li>• Disclosing the dollar amount of plans interest in the master trust for each general type - Examples, RIC, common stocks, CCT's, PSAs</li> <li>• Disclosure of other assets and liabilities; for example, payables and receivables of the plan.</li> </ul> <p><b>What's the same?</b></p> <ul style="list-style-type: none"> <li>• Net appreciation/depreciation of master trust</li> <li>• Investment income of master trust</li> <li>• Description of the basis used to allocate net assets and total investment income to plan</li> <li>• % interest in the master trust for plans with undivided interest – typically DB plans</li> </ul> <p><b>What's been eliminated?</b></p> <ul style="list-style-type: none"> <li>• Remove the requirement to disclose the % interest in the master trust for plans with a divided interest (DC plans)</li> </ul> <p><b>Master Trust Allocation</b></p> <p>For reporting purposes, a master trust is a trust for which a regulated financial institution serves as trustee or custodian and in which assets of more than one plan sponsored by a single employer or by a group of employers under common control are held. A defined contribution plan's interest in a master trust consists of a divided interest whereas participant activity is rolled up to the plan level and the plan level activity is rolled up to the master trust reporting.</p> <p><b>Master Trust Disclosure</b></p> <p>The financial information for a master trust disclosure can be found on PSW®, the in the Request Reports tab of the lowest plan number in the Master Trust. In PSW® go to <i>Administer Plans, Plan Year End Summary Reports</i>, then the <i>Requested Reports</i> tab for lowest plan number. Filter by year for each year the information is needed.</p>
<p>7.6.7</p>	<p><b>How are the income and expense items on the 5500 worksheet reported on the master trust form 5500? (Ref: Form 5500 Instructions)</b></p>	<p>To assist in the reconciliation of individual plans to the MT reporting, the 5500 worksheet for the MT level reporting was prepared using the same income/expense categories as the individual plans. The actual MT filing may have differences as shown below.</p>

Category	PYES - 5500 Worksheet*	Master Trust Form 5500
Contributions	Contributions	Transfer In
Investment Earnings	Reported on applicable line; <u>Ex</u> : Net investment gain(loss) from registered investment companies	Reported on applicable line; <u>Ex</u> : Net investment gain(loss) from registered investment companies

Loan Repayment (Principal)	This line appears on the Summary of Plan Operations; not applicable to the 5500 Worksheet.	Transfer In
Loan Repayment (Interest)	Loan Interest	Transfer In
Benefit Payments	Benefit Payments, Corrective Distributions	Transfer Out
Fees	Plan level fees are reported on MT 5500 Worksheet.	Plan level fees are not reported on MT Form 5500. However, the MT Form 5500 may include fees reportable at the Master Trust but not at the plan level.
Balance Forward	Assets converted to Fidelity	Reported on applicable line
Plan Assets Merged Into MT during PYE	If a plan merges into the MT subsequent to the end of the prior plan year, assets and income roll up into the totals reported on the MT 5500 Worksheet.	If a plan merges into the Master Trust subsequent to the end of the prior plan year they are reported on the MT Form 5500 as transfers-in.
Adjustments	Reported with earnings	Reported on applicable line
Loan Withdrawals	N/A	Transfer Out

## 8.0 VARIOUS REPORTING REQUIREMENTS

This Section provides an overview of the important reporting requirements effective for previous years.

### 8.1 Form 5500 Schedule C Reporting Requirements

Schedule C requires the identification of each person who received, directly or indirectly, \$5,000 or more in total compensation in connection with services rendered to the plan or their position with the plan during the plan year. Although the Schedule C Supplemental report is available to all clients, the Schedule C rules apply generally to ‘large plans’, defined as plans with 100 or more participants with account balances at the beginning of the plan year. Generally, all direct and indirect compensation paid to service providers who received payments of \$5,000 or more must be reported on Schedule C unless the service provider received only ‘eligible indirect compensation’ and has met the requirements of the alternative reporting rule.

#### General Rule

Under the general rule, a plan must report:

- The service providers who received \$5,000 or more in compensation including name, EIN or address
- A description of the services provided
- The relationship to the employer, employee organization, or person known to be a party-in interest.
- The total of direct compensation
- If there was any indirect compensation, and if so
  - The party paying the compensation
  - The amount or formula used to determine the amount of indirect compensation

Unless indirect compensation meets the DOL’s definition of ‘eligible indirect compensation’, the amount of indirect compensation must be reported on Schedule C. A person cannot use the alternative reporting option for ‘eligible indirect compensation’ unless certain written disclosure requirements are met (See [Section 8.1.5](#)).

Compliance with these rules requires significant effort by plan administrators and service providers to identify, capture and report the specific data required by the regulations. To that end, we have provided answers to Frequently Asked Questions clients may ask in reference to recent changes to Schedule C.

8.1.1	<p><b>What does Fidelity provide to help plan sponsors &amp; administrators meet the requirements for Schedule C?</b></p>	<p>Our PYES package includes a Schedule C Supplemental report to address the Schedule C changes.</p> <p>This report includes data related to compensation paid to persons/entities providing services directly or indirectly to the plan and may be subject to Schedule C reporting. Reporting is provided based on data available to Fidelity internally or through trusted sources, such as Morningstar for mutual fund information, as of the date the report is produced. <b>Note:</b> If differences are identified between this data (i.e. expense ratios, etc.) and information found online (i.e. Morningstar), compare the date of the report vs. the date the online info was retrieved. If there is a difference between the dates, this can cause differences.</p> <p>Certain compensation information for an investment option that is not an Investment Company Act of 1940 ('40 Act) mutual fund may not be housed in the Fidelity recordkeeping system, but plan sponsors can find the information from one or more of the following sources: investment management agreement, trust agreement, collective trust participation agreement, annuity contract, or directly from the fund's investment manager or annuity provider. In addition, certain compensation information related to '40 Act mutual funds offered in the plan may need to be obtained from the mutual funds' prospectus, statement of additional information, annual report or from the mutual fund company itself.</p>
8.1.2	<p><b>How can I obtain the Supplemental Schedule C report?</b></p>	<p>The Schedule C Report will be published to PSW as part of the PYES, which is typically published during the first quarter following the plan year end. You may retrieve the report on PSW® by navigating to the hamburger menu (3 lines left of the PSW® logo), under 'Administer Plans', select 'Plan Year End Summary Reports'. The Schedule C Supplemental Report will be listed on the 'Plan Financials' tab.</p>
8.1.3	<p><b>What is the impact on the plan sponsor/ administrator with respect to completing Schedule C?</b></p>	<p>The plan administrator may need to contact other vendors to retrieve (or may receive directly from vendors other than Fidelity) certain provider and fee information necessary to accurately complete the Schedule C. In the past, you might have had to provide certain information, or you might have received a 'signature ready' document which meant you could review Form 5500 as prepared by Fidelity or your external auditor; sign and send to the DOL.</p> <p>The Form 5500 is presented to clients who have elected Fidelity's Form 5500 preparation service as a 'draft'. You can review the Form and Schedule C and speak to Fidelity regarding any changes or modifications. A revised version including any additional info you provide will be re-published to PSW® for you to access, review and file with the DOL.</p> <ul style="list-style-type: none"> <li>• If the client utilizes Fidelity's Form 5500 preparation service, known as '5500 Plan Year End Services', Fidelity will provide the plan sponsor with a draft of the Form 5500 (including Schedule C). The PYES Schedule C Supplemental Report will generally include any data available to Fidelity, internally or through trusted external sources such as Morningstar, to enable the employer or its provider to complete the Schedule C as part of the Form 5500. <ul style="list-style-type: none"> <li>○ Some examples of <i>additional data</i> referred to above include non-monetary compensation like meals or business entertainment, fees associated with outside legal, audit, or consulting services and fees with respect to investment options that are not '40 Act mutual funds.</li> <li>○ If you have received equal to or greater than \$5,000 in gift/entertainment compensation from Fidelity due to your relationship with the plan, contact your Fidelity rep. A report on gift/entertainment expenses for a plan may exceed the normal 10 business day turn around.</li> </ul> </li> <li>• For clients who do not utilize Fidelity's Form 5500 preparation service, the PYES Schedule C Report will include the relevant data Fidelity has captured so the employer can deliver it to the service provider that will prepare the 5500. As noted above, the employer may need to obtain additional info from other service providers to accurately complete Schedule C.</li> </ul>
8.1.4	<p><b>What is the difference between direct, indirect and eligible</b></p>	<p><b>Direct compensation</b> is any payment made directly to a service provider from the plan for a service relating to the plan, including but not limited to, payments for recordkeeping services, auditing services,</p>

	<b>indirect compensation?</b>	<p>actuarial services, consulting, and investment management. Examples include charges to plan forfeiture accounts or direct charges to plan participant accounts, such as a participant loan fee.</p> <p><b>Indirect compensation</b> is any compensation received in connection with services provided to the plan from sources other than directly from the plan or plan sponsor. Examples of indirect compensation include, but are not limited to, fees and other payments received by a person from mutual funds, 12b-1 fees, finder's fees, float revenue and sales or brokerage commissions.</p> <p><b>Eligible indirect compensation</b> is compensation not paid directly by the plan or plan sponsor but received by service providers from omnibus level fees charged to investment funds in which the plan invests, where the charges are reflected in the value of the investment or return on investment of the fund for such things as distribution, investment management, recordkeeping or shareholder services. Sales commissions and finder's fees, float revenue and brokerage commissions on investments made for a participant's account may also be treated as eligible indirect compensation. To be treated as eligible indirect compensation for Schedule C purposes, the plan sponsor must also receive written disclosures about the compensation and the services for which it is paid that meet the DOL's requirements.</p>
<b>8.1.5</b>	<b>What are the criteria for getting eligible indirect compensation treatment?</b>	<p>A person does not get eligible indirect compensation treatment unless certain written disclosure requirements are met. The plan must have received written materials that disclosed and described (a) the existence of the indirect compensation; (b) the services provided for the indirect compensation or the purpose for payment of the indirect compensation; (c) the amount (or estimate) of the compensation or a description of the formula used to calculate or determine the compensation; and (d) the identity of the party or parties paying and receiving the compensation. The written disclosures for a bundled arrangement must separately disclose and describe each element of indirect compensation that would be required to be separately reported if you were not relying on this alternative reporting option.</p> <p>The DOL believes any written disclosure, whether regulatory, contractual, or voluntary, could be relied upon so long as all the elements of the disclosure were provided to the plan administrator. Further, the necessary information could be provided to the plan administrator in separate disclosures from multiple parties.</p>
<b>8.1.6</b>	<b>What is the alternative reporting option and when does it apply?</b>	<p>The alternative reporting option for Schedule C allows a plan sponsor to provide information regarding service providers who only received eligible indirect compensation and who provided the required written disclosures. If such service provider did not receive any direct or indirect compensation (other than eligible indirect compensation), the plan administrator is required to report only the name and EIN (or address) of the party who provided the required written disclosures regarding the eligible indirect compensation, rather than reporting the detailed information for indirect compensation. To take advantage of this option, the plan sponsor must have received the written materials described in section 8.1.5.</p> <p><b>Schedule C, Part I, Line b</b> is where the name and EIN (or address) of the party who provided the required written disclosures is reported. It is common to see Fidelity Investments Institutional on this line if there was eligible indirect compensation included on the Fidelity Schedule C Supplemental Report.</p>
<b>8.1.7</b>	<b>Where can I find more information on the Schedule C?</b>	<p>Additional info can be found in the Instructions to Form 5500 and in the notice of adoption of revisions to annual return/report forms issued by the DOL and published in the Federal Register on Nov 16, 2007.</p> <p>The DOL also published a supplemental set of FAQs:  <a href="https://www.dol.gov/sites/dolgov/files/EBSA/about-ebbsa/our-activities/resource-center/faqs/supplemental-2009-schedule-c.pdf">https://www.dol.gov/sites/dolgov/files/EBSA/about-ebbsa/our-activities/resource-center/faqs/supplemental-2009-schedule-c.pdf</a>.</p> <p>Plan sponsors or administrators should consult their counsel with any questions regarding the proper completion of Form 5500 and its Schedules for their plan.</p>
<b>8.1.8</b>	<b>For Fidelity Advisor 401(k) plans, why would FIIOC receive 12b-1 payments?</b>	<p>For plans without an appointed broker of record, Fidelity Advisor Fund shares will be held directly on the books and records of FIIOC, the funds' Transfer Agent and plan recordkeeper and the 12b-1 payments typically paid to the broker will be retained by the funds' distributor, FDC LLC, an affiliate of FIIOC.</p>

8.1.9	<p><b>Why is there data missing for the direct fees or it reads “SEE NOTE *2” or 99-9999999?</b></p>	<p>If an invoice or letter of direction to pay expenses out of the plan is sent, Fidelity makes every effort to capture the EIN, Name of Payee, Service Code and relationship. If this information was not part of the service request opened for this request it is possible it would not be picked up in the Schedule C report. In the future be sure to include in your service request:</p> <ul style="list-style-type: none"> <li>• EIN of the service provider</li> <li>• Name of the service provider</li> <li>• Department of Labor service code found in the Form 5500 instructions</li> <li>• Relationship i.e. auditor, advisor, etc.</li> </ul> <p>Review your plan’s records to identify the missing data and include it on the Schedule C.</p>
8.1.10	<p><b>Is there a PSW® Service Request to pay vendor expenses out of the plan?</b></p>	<p>If your plan allows for payments to third party vendors from plan assets, from the PSW® Home page, go to the ‘Work With Fidelity’ tab and choose ‘Open a New Service Request’. Under ‘Fee Payment’ choose ‘Vendor Fee’.</p> <p>Choose the plan you are requesting the fees to be paid from and complete the request by providing all the information requested. Providing complete and accurate information is vital because</p> <ul style="list-style-type: none"> <li>• Some of the information is reported on Supplemental Schedule C reporting</li> <li>• Ensures proper fee categories on the Schedule H for large filers</li> </ul> <p>Note: If the invoiced amount includes fees to be paid from multiple plans to a single provider, a PSW® Service Request should be opened under each plan separately, requesting the amounts only to be paid individually from each plan.</p> <p>Section 8.1.18 shows an example of the Service Request completion process.</p>
8.1.11	<p><b>Why don’t the basis points on the Schedule C supplemental report match my independent source?</b></p>	<p>The Schedule C supplemental report will report the most recent formula and in most cases the basis points closest to your plan year end. Check the date on your independent source of when the information was updated.</p>
8.1.12	<p><b>Do I have soft dollar arrangements in my plan?</b></p>	<p>An investment manager may receive ‘soft dollar’ revenue in the form of research or other permissible services in connection with securities trades on behalf of plan clients. Soft dollar revenue for which required disclosures have been received may be treated as ‘eligible indirect compensation’ for Schedule C reporting purposes. Plan sponsors should review disclosures, as applicable, in each investment option’s investment management agreement, trust agreement, collective trust participation agreement, commingled pool participation agreement prospectus, mutual fund prospectus or statement of additional information.</p> <p>For Fidelity mutual funds, obtain applicable fund disclosures at <a href="http://fidelity.com">fidelity.com</a>; for Fidelity Advisor Funds, obtain applicable fund disclosures at <a href="http://advisor.fidelity.com">advisor.fidelity.com</a>. For other investment options, contact the applicable service provider.</p>
8.1.13	<p><b>What do the ‘service codes’ mean on the Schedule C Supplemental report?</b></p>	<p>The service codes listed on the Schedule C Supplemental report are codes provided by the DOL in the Form 5500 Schedule C instructions, or below in Section 8.1.19. These service codes describe the services provided by the payee to the plan and the type of compensation received.</p> <p>Link to DOL website with Form 5500 instructions: <a href="https://www.dol.gov/agencies/ebsa/employers-and-advisers/plan-administration-and-compliance/reporting-and-filing/form-5500">https://www.dol.gov/agencies/ebsa/employers-and-advisers/plan-administration-and-compliance/reporting-and-filing/form-5500</a>.</p>
8.1.14	<p><b>Why are fund management fees in the Unitized funds and Synthetic GICs</b></p>	<p>Q3 of the DOL’s published FAQs for the 2009 Schedule C addresses this issue for non-40 act funds. In the DOL’s view if the fees are reflected in the value of the investment or the return on the investment and the plan administrator received the proper disclosures, this is considered eligible indirect compensation. Most of the time the compensation is disclosed in the investment management agreement signed by the plan sponsor. See the DOL FAQ below which addresses this question.</p>

	<b>not reported on Schedule C?</b>	<p><i>Q3: Can the alternative reporting option for 'eligible indirect compensation' be used to report compensation paid or received in separately managed investment accounts of a single plan?</i></p> <p>Yes. The Schedule C instructions state 'eligible indirect compensation' includes fees or expense reimbursement payments charged to 'investment funds' and reflected in the value of the plan's investment or return on investment. The instructions do not further define the term 'investment fund' for this purpose. Investment funds would include mutual funds, bank common and collective trusts, and insurance company pooled separate accounts. In the DOL's view the term would also include separately managed investment accounts containing assets of an individual plan. So, provided other conditions for eligible indirect compensation are met, the Schedule C alternative reporting option can be used for indirect compensation received in connection with separately managed investment accounts of employee benefit plans.</p>
<b>8.1.15</b>	<b>Why don't I see revenue sharing from Fidelity Funds on the schedule C supplemental report?</b>	<p>The reason the report does not show revenue sharing for Fidelity funds is that these funds would be considered as part of a 'bundled arrangement' as defined by the Schedule C regulation. The plan administrator would not need to report the revenue distributed throughout the bundle i.e. Fidelity funds to other Fidelity affiliates like FWS or FMTC. The DOL believes it is generally sufficient for Schedule C reporting purposes to treat an affiliate group as a single person.</p> <p><i>Since Fidelity is not affiliated with the outside funds, Fidelity would show the Sub-TA fees they receive from these non-affiliated funds.</i></p>
<b>8.1.16</b>	<b>Does the direct fee amount for FIIOC include the commissions charged to a participant's SDB account?</b>	<p>Commissions or sale charges related to transactions within a participant's SDB accounts are reported as direct compensation. For financial reporting purposes the SDB fees are built into the cost basis of the asset on the financials. In other words, the commission is part of the value of the security that is reported as an asset. These fees will not be reported in the Administrative Expenses on the Schedule H or I.</p> <p>The detail to the total commission amount being reported can be requested from Fidelity's Audit Support Team.</p>
<b>8.1.17</b>	<b>Is there indirect compensation to report for funds held within the self-directed brokerage accounts?</b>	<p>For self-directed brokerage investments, each fund family may offer an indirect support fee paid to Fidelity Investments. Each indirect support fee paid by a fund may differ depending on the form of investment. This information can be found on the Schedule C Supplemental Report in Part I, Line 3.</p> <p>A listing of indirect compensation for self-directed brokerage investments can be provided in Excel upon request from Fidelity's Audit Support Team.</p>

### 8.1.18 Service Request Completion – Paying Vendors out of the Plan

From the PSW® home page

1. Select 'Work With Fidelity'.
2. Select 'Open a New Service Request'.
3. Search 'pay' and choose 'Pay an invoice'.
4. From drop down box, choose your plan and select if you are paying an invoice for Fidelity, a vendor or being reimbursed for a payment already made.
5. Choose 'Next'.

**Remainder of Service Request** - Complete the remaining fields. When asked to enter the employer identification number of the vendor being paid, it should be entered as it appears exactly on the vendor’s W9.

Service codes for the vendor to choose from can be found below, and the best description of the relationship to the employer should be chosen.

**Service Provider Codes**

<b>Code</b>	<b>Service/Compensation</b>
10	Accounting (including auditing)
11	Actuarial
12	Claims processing
13	Contract Administrator
14	Plan Administrator
15	Recordkeeping and information management (computing, tabulating, data processing, etc.)
16	Consulting (general)
17	Consulting (pension)
18	Custodial (other than securities)
19	Custodial (securities)
20	Trustee (individual)
21	Trustee (bank, trust company, or similar financial institution)
22	Insurance agents and brokers
23	Insurance services
24	Trustee (discretionary)
25	Trustee (directed)
26	Investment advisory (participants)
27	Investment advisory (plan)
28	Investment management
29	Legal
30	Employee (plan)
31	Named fiduciary

32	Real estate brokerage
33	Securities brokerage
34	Valuation (appraisals, etc.)
35	Employee (plan sponsor)
36	Copying and duplicating
37	Participant loan processing
38	Participant communication
40	Foreign entity (e.g., an agent or broker, bank, insurance company, etc. not operating within jurisdictional boundaries United States)
49	Other services
50	Direct payment from the plan
51	Investment management fees paid directly by plan
52	Investment management fees paid indirectly by plan
53	Insurance brokerage commissions and fees
54	Sales loads (front end and deferred)
55	Other commissions
56	Non-monetary compensation
57	Redemption fees
58	Product termination fees (surrender charges, etc.)
59	Shareholder servicing fees
60	Sub-transfer agency fees
61	Finders' fees/placement fees
62	Float revenue
63	Distribution (12b-1) fees
64	Recordkeeping fees
65	Account maintenance fees
66	Insurance mortality and expense charge
67	Other insurance wrap fees
68	'Soft dollars' commissions'
70	Consulting fees
71	Securities brokerage commissions and fees
72	Other investment fees and expenses
73	Other insurance fees and expenses
99	Other fees

## 8.2 Participant Revenue Credits and Revenue Credit Program

8.2.1	<b>What is Participant Revenue Credit (PRC)?</b>	In situations where recordkeeping revenue received in connection with plan services exceeds agreed-upon compensation, Fidelity can allocate amounts equal to such excess revenue to accounts of eligible participants. This type of allocation is typically made to the participants' accounts as a negative expense. These fees can be identified on the Fee Detail Report as a positive fee transaction type.
8.2.2	<b>What is the Revenue Credit (RCP) Program?</b>	In situations where recordkeeping revenue received in connection with plan services exceeds agreed-upon compensation, Fidelity can deposit amounts equal to such excess revenue in a suspense account in the plan. The most common account number plans use for this RCP credit is 999-99-9999J, and the activity of this account can be reviewed on the Balance Info Summary Extract (BISE) report.

8.2.3	May plan sponsors choose to treat PRC as contributions or earnings under the Code?	In Fidelity's view, credits under PRC and RCP are best characterized as a 'negative' fee (i.e., they reduce the recordkeeping fees otherwise paid by the plan). A plan sponsor may direct PRCs be treated as contributions under the plan, although in our experience very few sponsors have elected to do so.
8.2.4	How did Fidelity become comfortable, from a legal perspective, with offering PRC and RC?	Fidelity's decision to design the Participant Revenue Credit Program was influenced by the passage of the Regulated Investment Company (RIC) Modernization Act of 2010. This legislation repealed the preferential dividend rule under IRC 562(c), thereby removing Fidelity's legal concerns with allocating revenue attributable to mutual funds to the plan.
8.2.5	How did Fidelity determine that the revenue credit should be netted against direct compensation reported on Schedule C Part I line 2?	Form 5500 Schedule C instructions - Element (d) provide as follows (emphasis supplied): Enter the total amount of compensation received directly from the plan for services rendered to the plan during the plan year. <i>If a service provider charges the plan a fee or commission, but agrees to offset the fee or commission with any revenue received from a party other than the plan or plan sponsor, for example, as part of a commission recapture or other offset arrangement, only the amount paid directly by the plan after any revenue sharing offset should be entered in element (d).</i> Enter in element (d), as direct payments by the plan, amounts a plan sponsor, or contributing employer or participating employee organization in the case of a multiemployer or multiple-employer plan, pays a plan third-party service provider reimbursed by the plan.
8.2.6	How will Revenue Credit amounts be reported on Form 5500 Schedule H and C?	<p>Once Revenue Credit amounts are deposited in a plan-level suspense account, the credit will be treated as a plan asset on Form 5500.</p> <ul style="list-style-type: none"> <li>• <i>Schedule H/I</i> – Once the revenue credit is assetized in a plan-level account, the credit will be brought into the plan as a 'reverse' fee, under transaction code 679 and billable code 13. The credit will be reported on Form 5500 Schedule H or I. The amount of the assetized revenue credit will also reduce the amount of administrative expenses reported on the financials.</li> <li>• <i>Schedule C</i> – For purposes of Form 5500 Schedule C, the amount allocated to participants will also be reported as a 'reverse' fee, under transaction code 679 and billable code 13, which will reduce the direct fees reported to Fidelity. Revenue sharing payments to Fidelity are considered indirect compensation for purposes of Form 5500 Schedule C.</li> </ul> <p>Below is a hypothetical illustration of how assetizing credit may appear on Schedule H. Assume the credit is deposited in a money market fund within the J-guy suspense account. Given there are two sides to every entry, we will need to debit an asset and credit an expense (fees).</p> <ul style="list-style-type: none"> <li>• <b>Debit the Asset</b> - This will show up as an asset on line 1c(1) as interest bearing cash. This could change depending on how the plan is set up for the allocation. Either way, revenue credit will be reflected in the asset section.</li> <li>• <b>Credit Fees</b> - This will reduce the direct fees paid out of the plan and will show up on line 2i(3) as an 'other' Administrative expense.</li> </ul>
8.2.7	How can it be determined if the revenue credit is allocated back to participants?	<p>The Fee Detail Report that is included with the PYES Reports will detail Revenue Credits allocated back to participants.</p> <p>The amount allocated to participants will also be reported as a 'reverse' fee, under transaction code 679 and billable code 13.</p> <p>Below is an example of how the allocation back to the participant may appear on the Fee Detail Report.</p>

		<table border="1"> <tr> <th>Plan Number</th> <th>Partic SSN</th> <th>Trade Date</th> <th>Part Name</th> <th>Status</th> <th>Transaction Type</th> <th>Cash Amount</th> <th>Transaction Code Description</th> </tr> <tr> <td>99999</td> <td>999-99-9999</td> <td>03/11/2014</td> <td>Participant, Name</td> <td>A</td> <td>FEE</td> <td>2.25</td> <td>679-FEE</td> </tr> </table>	Plan Number	Partic SSN	Trade Date	Part Name	Status	Transaction Type	Cash Amount	Transaction Code Description	99999	999-99-9999	03/11/2014	Participant, Name	A	FEE	2.25	679-FEE									
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99999	999-99-9999	03/11/2014	Participant, Name	A	FEE	2.25	679-FEE																				
8.2.8	How is the Participant Revenue Credit (PRC) amount calculated for each participant?	<p>The terms of the PRC allocation method is described in the Fee Schedule of a plan’s Service Agreement. The calculation and allocation methods are detailed in the Participant Revenue Credit – Fund Allocation section. Generally, allocations of the calculated plan level PRC are made to eligible participants pro rata based on the ratio of each Participant’s average daily balance in a fund during the quarter to the total average daily balances for all Participants in such fund during the quarter. See illustration below.</p> <div style="border: 1px solid black; padding: 5px;"> <p><b>Illustration:</b> Participant Revenue Credit allocation after the quarterly plan level credit has been calculated.</p> <table border="1"> <thead> <tr> <th></th> <th>(a)</th> <th>(b)</th> <th>(c)</th> <th>(d)</th> </tr> <tr> <th>Participant</th> <th>Fund A TOTAL</th> <th>Average quarterly balance (91 days)</th> <th>Factor</th> <th>Fund A Rev Share Per PPT</th> </tr> </thead> <tbody> <tr> <td>XXX-XX-0001</td> <td>50,000.00</td> <td>549.45</td> <td>0.714285714</td> <td>\$ 14.29</td> </tr> <tr> <td>YYY-YY-0002</td> <td>20,000.00</td> <td>219.78</td> <td>0.285714286</td> <td>\$ 5.71</td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">769.23</td> <td></td> <td style="text-align: center;">20.00</td> </tr> </tbody> </table> <p>Plan level quarterly revenue credit calculated for Fund A per invoice = \$20</p> <p>(a) Summed daily balance of Fund A for the quarter, per participant            (b) Summed total of Fund A divided by number of days in the quarter, per participant - (a/91)            (c) Participant average quarterly balance divided by plan level quarterly balance sum - (c/769.23)            (d) Factor multiplied by the plan level quarterly revenue credit calculated (\$20)</p> </div>		(a)	(b)	(c)	(d)	Participant	Fund A TOTAL	Average quarterly balance (91 days)	Factor	Fund A Rev Share Per PPT	XXX-XX-0001	50,000.00	549.45	0.714285714	\$ 14.29	YYY-YY-0002	20,000.00	219.78	0.285714286	\$ 5.71			769.23		20.00
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		769.23		20.00																							

### 8.3 Reporting of Participant Loans

8.3.1	How do I report participant loans?	For a plan’s audited financial statements, effective for plan years after December 15, 2010, loans to participants in employee benefit plans should be classified as a note receivable and measured at amortized cost (i.e., unpaid principal plus accrued but unpaid interest). <i>Form 5500 Schedule H still requires the classification of participant loans as an investment.</i>															
8.3.2	Do I need to compute the fair value for these loans any longer?	No, loans to participants should be measured at amortized cost (unpaid principal plus accrued but unpaid interest). Amortized cost is not fair value.															
8.3.3	Can you provide a high level example of how to estimate accrued but unpaid loan interest receivable at year end?	<ul style="list-style-type: none"> <li>Locate the outstanding loan balance on the Summary of Net Trust Assets (SONTA).</li> <li>Average loan interest rate - compute the average loan interest rate for the outstanding loans by reviewing the Annual Loan Balance Report which is part of the PYES reports.</li> <li>Days to accrue - determine the number of days of to accrue.</li> <li>Interest per day - multiply the outstanding loan balance times the average interest rate and divide this figure by 365 days to arrive at the loan interest per day</li> <li>Accrued interest receivable – multiply the days to accrue times the interest per day</li> </ul> <p>Example</p> <table> <tr> <td>o Outstanding loan balance at 12/31/xx</td> <td>\$1,000,000</td> <td>(A)</td> </tr> <tr> <td>o Average interest rate</td> <td>5.4%</td> <td>(B)</td> </tr> <tr> <td>o Estimated average interest dollars per day (A*B)/365</td> <td>\$147.95</td> <td>(C)</td> </tr> <tr> <td>o Days to accrue between payroll periods</td> <td>7</td> <td>(D)</td> </tr> <tr> <td>o Accrued interest receivable at 12/31/xx</td> <td>\$1,036</td> <td>(C)*(D)</td> </tr> </table> <p>The participant loan balance at amortized cost (from SNTA) \$1,000,000            Plus accrued interest receivable (per above) <u>1,036</u>            Participant loan balance plus accrued interest receivable at 12/31/xx \$1,001,036</p> <p><i>In this example, as with many cases, the accrual amount is relatively small as compared to the outstanding loan balance (in this example only one tenth of one percent).</i></p>	o Outstanding loan balance at 12/31/xx	\$1,000,000	(A)	o Average interest rate	5.4%	(B)	o Estimated average interest dollars per day (A*B)/365	\$147.95	(C)	o Days to accrue between payroll periods	7	(D)	o Accrued interest receivable at 12/31/xx	\$1,036	(C)*(D)
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## 8.4 Reporting Requirements for 403(b) Plans

The DOL Employee Benefits Security Administration (EBSA) requires beginning with the 2009 plan year, 403(b) plans subject to Title I of ERISA were to begin to comply with the same 5500 filing requirements as those applying to qualified retirement plans. This section details the most frequently asked questions related to the 403(b) 5500 reporting requirements.

<p>8.4.1</p>	<p><b>Do I need to aggregate the activity for my multi-vendor 403(b) plan?</b></p>	<p>Yes, unless the exemption below applies.</p> <p>The DOL recognizes for some clients whose 403(b) plans involve many providers (like insurance companies and mutual funds), it may be difficult to obtain financial information for some participants. <b>First</b>, obtain and read the DOL Field Assistance Bulletin 2009-02 and 2010-01.</p> <p>Fidelity updated the Plan Year End Summary package to meet 403(b)-specific needs. Specifically, we now show contract exchanges separately on the 5500 Worksheet to help with your reconciling efforts from multiple vendors since contract exchanges should not be reported on Schedule H or I as either contributions or distributions. Fidelity's Plan year End Summary package will not include outside vendor information, which will require you to obtain other vendor financial information and forward on to your Form 5500 preparer.</p>
<p>8.4.2</p>	<p><b>If my plan utilizes multiple vendors (insurance companies and mutual funds), will Fidelity prepare my Form 5500?</b></p>	<p>If your plan is exclusively with Fidelity Investments, meaning, no non-Fidelity annuity or investment providers, you may contract with Fidelity to provide the 'draft' Form 5500 by contacting your Client Service Manager (CSM). Even though you may have received the service in the past, check with your CSM to determine if this service is still available.</p> <p>For 403(b) plans with two or more recordkeepers, Fidelity will not provide a 'draft' Form 5500.</p> <p>Clients will need to gather data from all of the record keepers and prepare the Form 5500 themselves, outsource the completion of Form 5500 to a service provider other than Fidelity or contact Fidelity's Benefits Consulting Services through their Client Service Manager.</p>

## 8.5 Form 5500 Frequently Asked Questions – [Form 5500 Instructions](#)

<p>8.5.1</p>	<p><b>Does Fidelity prepare the 5500-SF (Short Form)?</b></p>	<p>Fidelity's Testing &amp; Reporting Services (TRS) does not offer this filing option. Some of the reasons by TRS does not offer this option include:</p> <ul style="list-style-type: none"> <li>• The 5500-SF does not provide as much disclosure about a plan as the Form 5500 and related schedules.</li> <li>• It is a much greater risk to the client to monitor the eligibility requirements from year to year.</li> <li>• It is acceptable for plans of this size to file the Form 5500 and related schedules.</li> </ul> <p>The Form 5500-SF was adopted by the DOL as a reporting option for certain small pension and welfare plans with fewer than 100 participants with account balances at the beginning of the plan year as long as they meet certain conditions regarding their investments being held or issued by a regulated financial institution with a readily determinable fair market value.</p> <p><u>The Form 5500-SF includes but not limited to:</u></p> <ul style="list-style-type: none"> <li>• Financial Information</li> <li>• Plan Characteristics</li> <li>• Compliance Questions i.e. fidelity bond</li> <li>• Plan termination information</li> </ul> <p><u>To be eligible the plan must:</u></p> <ul style="list-style-type: none"> <li>• Be a small plan (i.e., generally have fewer than 100 participants with account balances at the beginning of the plan year),</li> <li>• Meet the conditions for being exempt from the requirement that the plan's books and records be audited by an independent qualified public accountant (IQPA),</li> <li>• Have 100% of its assets invested in certain secure investments with a readily determinable fair value</li> <li>• Hold no employer securities, and</li> <li>• Not be a multiemployer plan.</li> </ul>
<p>8.5.2</p>	<p><b>Where does the value from Line 6g(1) on the Form 5500 come from?</b></p>	<p>Line 6g(1) comes from the prior year Form 5500 Line 6g(2). In 2023 only, the amount comes from Line 6g of the 2022 Form 5500. The number should be reviewed for any significant changes to the participant population that took place on the first day of the reporting year, which may have impacted the filing status of the plan.</p>
<p>8.5.3</p>	<p><b>What is the difference between a multiple/single/multi-employer plan?</b></p>	<p>Single Employer Plan - a single-employer plan for this Form 5500 reporting purpose is an employee benefit plan maintained by one employer or one employee organization. A controlled group is generally considered one employer for Form 5500 reporting purposes. A controlled group is a controlled group of corporations under Code section 414(b), a group of trades or businesses under common control under Code section 414(c), or an affiliated service group under Code section 414(m.)</p> <p>Multiple Employer Plan – a plan maintained by two or more employers who are related through common interest and do not meet the definition of a Single Employer.</p> <p>Multiemployer Plan - A plan is a multiemployer plan if: (a) more than one employer is required to contribute, (b) the plan is maintained pursuant to one or more collective bargaining agreements between one or more employee organizations and more than one employer.</p>

<p><b>8.5.4</b></p>	<p><b>What is a fidelity bond, and how much coverage do I need to have?</b></p>	<p>Generally, qualified retirement plans must have a fidelity bond to cover the plan against losses resulting from fraud or dishonesty by plan officials. These bonds are sometimes referred to as an ERISA bond or a Surety bond.</p> <p>The amount of the bond must be fixed or estimated as of the beginning of each reporting year. [ERISA § 412; DOL Reg 29 CFR 2580] The bonding requirement is 10% of funds handled. 'Funds handled' is calculated by adding the beginning plan assets for the reporting plan year + plan contributions + plan income. The bond must be for an amount at least equal to \$1,000 with a maximum requirement of \$500,000 per plan unless the plan has employer securities. The maximum bond amount increases to \$1,000,000 for plan officials of plans that hold employer securities.</p> <p><b>A fidelity bond is issued by an insurance broker and has no connection to Fidelity Investments.</b></p>															
<p><b>8.5.5</b></p>	<p><b>What attachment do I need for late contributions?</b></p>	<p>Plan sponsors that reported late contributions on compliance question Line 4a of the Schedule H are required to prepare and attach a Schedule of Delinquent Participant Contributions. This is not required on the Schedule I, but it is recommended. Delinquent participant loan repayments that are not reported as a non-exempt transaction on compliance question 4d of the Schedule H and I, should be included in this attachment. If you chose to include participant loan repayments on line 4a, you must apply the same supplemental schedule and IQPA disclosure requirements to the loan repayments as applied to delinquent transmittals of participant contributions.</p> <p>Below is an example from the DOL 5500 Instructions:</p> <p style="text-align: center;"><b>Schedule H (OR I) Line 4a – Schedule of Delinquent Participant Contributions</b></p> <table border="1" data-bbox="492 951 1089 1220"> <thead> <tr> <th data-bbox="492 951 618 1050">Participant Contributions Transferred Late to Plan</th> <th colspan="3" data-bbox="618 951 987 1045">Total that Constitute Nonexempt Prohibited Transactions</th> <th data-bbox="987 951 1089 1050">Total Fully Corrected Under VFCP and PTE</th> </tr> <tr> <th data-bbox="492 1050 618 1220">Check here if Late Participant Loan Repayments are included: <input type="checkbox"/></th> <th data-bbox="618 1050 740 1220">Contributions Not Corrected</th> <th data-bbox="740 1050 862 1220">Contributions Corrected Outside VFCP</th> <th data-bbox="862 1050 987 1220">Contributions Pending Correction in VFCP</th> <th data-bbox="987 1050 1089 1220">2002-51</th> </tr> </thead> <tbody> <tr> <td data-bbox="492 1220 618 1220"></td> <td data-bbox="618 1220 740 1220"></td> <td data-bbox="740 1220 862 1220"></td> <td data-bbox="862 1220 987 1220"></td> <td data-bbox="987 1220 1089 1220"></td> </tr> </tbody> </table>	Participant Contributions Transferred Late to Plan	Total that Constitute Nonexempt Prohibited Transactions			Total Fully Corrected Under VFCP and PTE	Check here if Late Participant Loan Repayments are included: <input type="checkbox"/>	Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	2002-51					
Participant Contributions Transferred Late to Plan	Total that Constitute Nonexempt Prohibited Transactions			Total Fully Corrected Under VFCP and PTE													
Check here if Late Participant Loan Repayments are included: <input type="checkbox"/>	Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	2002-51													

<p>8.5.6</p>	<p><b>What is the difference between a 'large' and small 'filer', and when would I need to have an audit?</b></p>	<p>A plan sponsor will determine whether or not it would be considered a 'large' or 'small' filer based on the number of participants with account balances on the first day of the plan year, and reported on Line 6g(1) of the Form 5500. NOTE: First-time filers will use the count as of the last day of the plan year.</p> <p><b>Who is considered a plan participant?</b></p> <ul style="list-style-type: none"> <li>• Active participants – currently employed and covered by a plan and earning or retaining credited service under a plan; includes individuals whether or not they have elected to defer contributions into the plan</li> <li>• Retired or separated participants receiving or entitled to receive benefits under the plan</li> <li>• Deceased participants with one or more beneficiaries who are receiving or are entitled to receive benefits under the plan</li> </ul> <p><b>Large plan filers</b> – generally any plan with 100 or more participants with account balances at the beginning of the plan year:</p> <ul style="list-style-type: none"> <li>• Files Form 5500 Schedule H</li> <li>• Requires an audit of the plan</li> <li>• Auditor must be an independent qualified public accountant (IQPA). Independent meaning the auditor or the auditing firm may not be connected to or have interest in the plan or the plan sponsor.</li> </ul> <p><b>Small plan filers</b> – generally any plan with less than 100 participants with account balances at the beginning of the plan year</p> <ul style="list-style-type: none"> <li>• Files Schedule I or 5500-SF. <i>(See 8.5.1 on 5500-SF)</i></li> <li>• Generally does not require an audit.</li> </ul> <p><b>80-120 Rule</b></p> <ul style="list-style-type: none"> <li>• Looks at Form 5500, Line 6g(1) number – Participants with account balances at the beginning of the plan year to determine type of filer.</li> <li>• If the number of participants on Line 6g(1) falls between 80 and 120, the plan sponsor may continue to file the same financial schedule (Schedule H or Schedule I) as they filed in the previous plan year.</li> </ul> <p><b>Once a plan files as a large filer the switch back to small plan filer status can only occur when the beginning of year participant numbers fall to 99 or less.</b></p>
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<p>8.5.7</p>	<p><b>Why isn't the Schedule R filled in? Whose EIN is that?</b></p>	<p>A defined contribution plan is required to include a Schedule R when participants in the plan have received payments of benefits during the plan year of reporting.</p> <p>'Payments of benefits' does not include:</p> <ul style="list-style-type: none"> <li>• Corrective distributions of excess deferrals, excess contributions, or excess aggregate contributions, or the income allocable to any of these amounts;</li> <li>• Distributions of automatic contributions pursuant to Code section 414(w) – automatic contribution arrangements</li> <li>• Distribution of elective deferrals or the return of employee contributions to correct excess annual additions under Code section 415, or the gains attributable to these amount</li> <li>• A loan deemed as a distribution under Code section 72(p).</li> </ul> <p>For defined contribution plans, only Lines 1 and 2 of the Schedule R will be completed.</p> <ul style="list-style-type: none"> <li>• Line 1 is to report the total value of all distributions made during the year (regardless of when the distribution began) in any form other than cash, annuity contracts issued by an insurance company, distribution of life insurance contracts, marketable securities within the meaning of Code section 731(c)(2), or plan loan offset amounts.</li> <li>• Line 2 is to report the EIN of any payor(s) who paid benefits reportable on IRS Form 1099-R on behalf of the plan to participants or beneficiaries during the plan year. This is the EIN that appears on the IRS Forms 1099-R that are issued to report the payments. If there were multiple payors during the year, the two who paid the most dollars would be reported. Fidelity's EIN used to report is 04-6568107.</li> </ul> <p>If 'payments of benefits' did not exist during the plan year, the Schedule R would not be a required schedule to filed with the DOL</p> <p>For ESOP and plans that have minimum funding requirements, such a Money Purchase Plans, additional lines are required base on the DOL instructions without regards to whether or not 'payments of benefits' were received by participants during the year.</p>
<p>8.5.8</p>	<p><b>Does Fidelity prepare the Schedule of Assets Held for my plan?</b></p>	<p>Fidelity Testing and Reporting Services does not prepare the attachment <a href="#">Schedule H - Schedule of Assets Held as Investments</a>. This schedule will need to be prepared by the plan sponsor and/or their auditor. An Excel version of Summary of Net Trust Assets (SONTA) is available with the Plan Year End Summary, and can be used as a resource to prepare the schedule.</p>

<p>8.5.9</p>	<p><b>Should Fidelity be identified as a party in interest for mutual funds and common collective trusts on the Schedule of Assets Held for Investment?</b></p>	<p><u>Definition of 'party-in-interest'</u>  'PARTY-IN-INTEREST' - ERISA (3)(14) (29 USC 1002(14))  (14) The term "party in interest" means, as to an employee benefit plan –  (A) any fiduciary (including, but not limited to, any administrator, officer, trustee, or custodian), counsel, or employee of such employee benefit plan;  (B) a person providing services to such plan;  The Fund does not provide services to the plan. FMR as fund manager provides services to the Fund (which is its own legal entity) and does not provide services to the plan.(C) an employer any of whose employees are covered by such plan;  - <b>Fidelity is not the employer</b>  (D) an employee organization any of whose members are covered by such plan;  Does not apply to Fidelity  (E) an owner, direct or indirect, of 50 percent or more of –  (i) the combined voting power of all classes of stock entitled to vote or the total value of shares of all classes of stock of a corporation,  (ii) the capital interest or the profits interest of a partnership, or  (iii) the beneficial interest of a trust or unincorporated enterprise, which is an employer or an employee organization described in subparagraph (C) or (D);  - <b>The shareholders and not Fidelity hold the voting power in the funds for all classes of stock and are entitled to vote. The shareholders are the owners of the Fund. You must be at least 50% owner in entity.</b>  • <b>Mutual Funds – The owners are the shareholders. They are the ones with voting rights, not Fidelity Investments.</b>  • <b>CCT's – The participants are the owners of the funds who own the units in the fund.</b>  (F) a relative (as defined in paragraph (15)) of any individual described in subparagraph (A), (B), (C), or (E); - <b>Fidelity is not a relative</b>  (G) a corporation, partnership, or trust or estate of which (or in which) 50 percent or more of –  (i) the combined voting power of all classes of stock entitled to vote or the total value of shares of all classes of stock of such corporation,  (ii) the capital interest or profits interest of such partnership, or  (iii) the beneficial interest of such trust or estate, is owned directly or indirectly, or held by persons described in subparagraph (A), (B), (C), (D), or (E);  - <b>The shareholders and not Fidelity hold the voting power in the funds for all classes of stock and are entitled to vote. The shareholders are the owners of the Fund.</b>  <b>You must be at least 50% owner in entity</b>  • <b>Mutual Funds – The owners are the shareholders. They are the ones with voting rights, not Fidelity Investments.</b>  • <b>CCT's – The participants are the owners of the funds who own the units in the fund.</b>  (H) an employee, officer, director (or an individual having powers or responsibilities similar to those of officers or directors), or a 10 percent or more shareholder directly or indirectly, of a person described in subparagraph (B), (C), (D), (E), or (G), or of the employee benefit plan; or  (I) a 10 percent or more (directly or indirectly in capital or profits) partner or joint venturer of a person described in subparagraph (B), (C), (D), (E), or (G)  - <b>The shareholders and not Fidelity hold the voting power in the funds for all classes of stock and are entitled to vote. The shareholders are the owners of the Fund.</b>  The shares of the mutual funds are the plan assets, not the underlying assets of the mutual funds and therefore the funds' investment managers are not ERISA investment managers. The funds are not parties in interest.  In addition, if a plan invests in mutual funds, the plan's investment is in assets that are property of the funds, not Fidelity. The funds and Fidelity are separate and distinct legal entities, and the assets of each Fidelity fund are held by its custodian, separate from any other assets belonging to Fidelity or any other fund. Neither Fidelity nor its creditors may access the funds' assets to satisfy Fidelity's financial obligations.</p>
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8.5.10	<p>What amount is included in compliance question Line 4I on the Schedule H/I?</p>	<p>The question on the Form 5500 (Annual Return/Report of Employee Benefit Plan) Schedules H/I (Financial Information) Line 4I <i>“Has the plan failed to provide any benefit when due under the plan?”</i> has left many in the industry scratching their heads over the years. The question was added to Schedules H and I of the Form 5500 and Form 5500-SF (Annual Return/Report of Small Employee Benefit Plan) as part of the forms revisions effective for the 2009 plan year. However, the instructions provided little guidance and did not include examples of what constituted a reportable failure to provide any benefit when due under the plan.</p> <p><b>The IRS clarified in the 2015 and 2016 Form 5500 instructions, explaining that a reportable failure included any unpaid minimum required distributions (RMDs) to 5% owners who have attained the applicable ages, and non-5% owners who have attained the applicable ages, and have retired or separated from service. See the current year Form 5500 instructions for detail.</b></p> <p>The IRS provided additional guidance in 2016 and indicated that filers do not need to report any unpaid RMD amounts for participants who have retired or separated from service, or their beneficiaries who cannot be located after reasonable efforts, or if the plan administrator is in the process of engaging in such reasonable efforts at the end of the plan year reporting period.</p> <p>Fidelity provides the <a href="#">Schedule H/I Line 4I Supplemental</a> report with the standard Plan Year End Summary package to help plan administrators meet this requirement. The report was created based on the Form 5500 instructions and additional IRS guidance. You should review the report along with your Form 5500 Schedule H/I for accuracy since your response could generate an inquiry from the IRS. Please contact your Fidelity Client Service team if you feel a participant or amount on the report is not reportable.</p>
8.5.11	<p>Why did the audit opinion section on the Schedule H change from unqualified to unmodified?</p>	<p>An unmodified ‘clean’ opinion means that the financial statements are presented fairly in accordance with GAAP. The Form 5500 Schedule H was changed to bring the language up to the current financial reporting standards. According to the Form 5500 instructions, "Check if an unmodified opinion was issued. Generally, an unmodified opinion is issued when the IQPA concludes that the plan’s financial statements are presented fairly, in all material respects, in accordance with the applicable financial reporting framework (generally accepted accounting principles (GAAP) or another comprehensive basis of accounting (OCBOA), e.g., cash basis)".</p>
8.5.12	<p>Why did Accountant’s Opinion Line 3b in Part III of Schedule H change?</p>	<p>The ‘yes/no’ question on Schedule H, Line 3b has been replaced with check boxes to indicate whether the ERISA section 103(a)(3)(C) audit supporting the Accountant’s Opinion was performed pursuant to:</p> <ul style="list-style-type: none"> <li>- 29 CFR 2520.103-8 or</li> <li>- 29 CFR 2520.103-12,</li> <li>- pursuant to both,</li> <li>- or not performed pursuant to either of those sections.</li> </ul> <p>These changes resulted from a new standard that was issued by the Accounting Standards Board to improve the Accountant’s Opinion. Statement on Auditing Standards (SAS) 136 addresses the auditor’s responsibility to form an opinion and modifies the form and content of the auditor’s report issued. What was once referred to as a ‘limited scope’ will now more commonly be referred to as an ‘ERISA section 103(a)(3)(c) audit’.</p> <p>Plans with Fidelity’s Form 5500 service who checked YES on their 2019 Schedule H Part III line 3b, will default to line 3b(1) DOL Regulation 2520.103-8 on their 2020 Schedule H. If the plan sponsor chooses to early adopt SAS 136 they will need to consult with their auditor about the appropriate opinion to check on Schedule H Part III line 3a.</p>

### 8.5.13 NEW - SECURE Act and Final Form 5500 Regulations for Schedule MEP (DC)

The Department of Labor (DOL), Internal Revenue Service, and the Pension Benefit Guaranty Corporation released Federal Register Notices announcing changes to the Form 5500 (Annual Return/Report of Employee Benefit Plan) effective for plan years beginning on or after January 1, 2023.

These modifications further implement changes required in the Setting Every Community Up for Retirement Enhancement Act (SECURE Act).

A new schedule, the Schedule MEP, has been added to the Form 5500. The new schedule contains the information previously housed on the MEP Attachment for Multiple Employer Plans.

Part II of the Schedule MEP requires a defined contribution MEP to report the aggregate account balance for each participating employer. The balances will be represented on column 2d of the schedule, as illustrated below. Please note that rollover sources are not included in column 2c but are included in 2d.

Participating Employer Information			
2a. Name of Participating Employer	2b. EIN	2c. Percent of Total Contributions for Plan Year (*exclude Rollover Contributions)	2d. Aggregate Account Balances Attributable to Participating Employer
2a. Name of Participating Employer	2b. EIN	2c. Percent of Total Contributions for Plan Year (*exclude Rollover Contributions)	2d. Aggregate Account Balances Attributable to Participating Employer

Per the Form 5500 Instructions: Any employer who was obligated to make contributions to the plan for the plan year, made contributions to the plan for the plan year, or whose employees were covered under the plan is a ‘participating employer’ for this purpose. If a participating employer made no contributions, enter ‘-0-’ in element 3. For element 4, the aggregate account balance attributable to each employer is the sum of the account balances of the employees of such employer and their beneficiaries at the end of the year.

**PSW® Reporting to Support the Aggregated Balance Amounts:** Depending on how participants are identified in the Fidelity recordkeeping system, there are various reports in PSW® that may support the aggregated balance amounts to report. In PSW®, click the hamburger menu (3 lines left of the PSW® logo), then under ‘Reporting’ select ‘Dashboard’. On this page under ‘Select a report template’, select or search for the ‘Balances Report’. This report will provide the account balances on the date requested and will provide division codes and rank. The report will then need to be filtered or pivoted by groups to determine the balance to be reported for each.

If Fidelity does not prepare your Form 5500 draft, a Schedule MEP Information report can be generated in PSW® under Reporting > Dashboard. The report can also be requested from Fidelity’s Audit Support Team.

For additional information on SECURE Act provisions go to PSW®. In the Library, go to Managing Plans, and choose ‘SECURE 1.0 and 2.0 Acts and CARES Act’.

## 8.6 NEW – Enhanced Form 5500 Participant Count Report

Beginning with plan years ending 12/31/2024, the Participant Count report has been enhanced to include participant data to support the counts provided on the report. The detail will include a participant’s name, social security number, and status code from the Fidelity Participant Recordkeeping System (FPRS). The report will be available in both PDF and Excel.

For plans that do not have Fidelity’s Form 5500 services, the Participant Count report can be found on Plan Sponsor WebStation (PSW®) under Compliance> Plan Year End Summary Reports> Plan Financials tab. For plans that do have Fidelity’s Form 5500 Services, the Participant Count Report can still be found on the Form 5500 and Form 8955-SSA page of PSW® under Compliance.

For additional information on how to use the participant count to determine if a plan is considered 'large' or 'small' and if an independent audit may be required, please see Section 8.5.6.

Also new beginning with plan years ending 12/31/2024, is that all Participant Count reports are based on participant data from the Fidelity Participant Recordkeeping System (FPRS). This includes a participant's status, dates or termination, and vested balances. **Line 6a(2) (Active Participants at the end of the year) will no longer be determined using data from a plan's NDT census file.**

Below is a description of how each line is calculated and an illustration of the report. If it is determined that change is needed to the status code mapping within the Fidelity recordkeeping system, please call your Fidelity toll-free number and select Audit Support or open a 'Plan-level audit' type of PSW<sup>®</sup> Service Request. Should you wish to change any of these numbers to reflect participant counts based on your records, you may do so by making updates to Line 6 on the Form 5500. Manual updates to the Form 5500 will not change the detail on the Participant Count report.

### **Fidelity Participant Count Report**

The Form 5500 requires the plan sponsor to report participant counts on Line 6. Plan status codes used for recordkeeping purposes are required to be collapsed into one of the three definitions below to determine how or if a participant will be included on lines 6a, 6b, 6c and 6e on the form.

The definition of a participant includes four types:

- **Active** – participants that are eligible to participate in the plan, whether they do or not
- **Retired and Terminated** – participants who have retired or separated from service that are receiving benefits or are entitled to receive future benefits
- **Deceased** – participants with an account balance, whose beneficiaries are receiving or will be entitled to receive future benefits

The following describes the method by which participant count numbers are determined for Line 6 of the Form 5500. These numbers are calculated as of the end of the plan year, based upon participant information maintained at Fidelity and updated by the plan sponsor. **Participants who are eligible to participate in the plan, but are not found on the Fidelity recordkeeping system, are not included in these numbers.**

#### **6a(1)\* - Total Active Participants as of the beginning of the year =**

This line is pulling any participant coded as 'active' within Fidelity's FPRS System as of the prior plan year end. For 5500 clients, this amount is carried forward from prior year line 6a2.

#### **6a(2) - Total Active Participants at the end of the year =**

Participants coded as an 'active' type code in Fidelity's FPRS System as of the end of the plan year. The status codes are pulled as of end of plan year end.

#### **6b - Total Retired/Separated Participants Receiving Benefits =**

Participants with a date of termination, a status code type of 'retired' or 'terminated' as of the end of the plan year in PSW<sup>®</sup>, and a vested value; that requested a Required Minimum Distribution or Systematic Withdrawal Payment during the plan year.

**6c - Total Other Retired/Separated Entitled to Receive Benefits =**

Participants with a date of termination, a status code type of 'retired' or 'terminated' as of the end of the plan year in PSW®, with vested value greater than 0.05 at the end of the year. (Those reported in 6b would be excluded from line 6c.)

**6d - Subtotal of 6a(2), 6b, 6c**

**6e - Total Deceased Participants whose beneficiaries are receiving or are entitled to receive benefits =**

Participants with status code of type of 'deceased', and a vested balance at plan year end. Please note, if funds have transferred to the beneficiary, the beneficiary account would not have a status code of D, so it would not be automatically reported here.

**6f - Total of 6d & 6e**

**6g(1)\* - Total Participants with Account Balances at the beginning of the Plan Year =**

The prior year 6g(2) total. For 5500 clients, this amount is carried forward from prior year line 6g(2).

**6g(2) - Total Participants with Account Balances at the end of the Plan Year =**

Participants included in line 6a2 that have an account balance at plan year end PLUS line 6b PLUS line 6c PLUS line 6e.

**6h - Total number of participants that terminated during the Plan Year with accrued benefits that were less than 100% vested =**

This number is based on participants that have a retired or terminated status code that was effective at the end of the plan year, with a termination date within the plan year and had a partially vested account balance on the date of termination.

\*Plans that were not on Fidelity's recordkeeping system in the prior plan year, should refer to previous year 6a(2) and 6g(2) values to help determine current year 6a(1) and 6g(1) values.

For additional information on defining a participant, see the [Form 5500 instructions](#).

**Illustration of status codes mapping:**

Below is an example of the participant count report for a plan and how the different status codes are mapped to each line as describe for each line above. The mapping is only for illustrative purposes, as plans may use status codes and descriptions differently.

6a (1) – Total Active Participants at the beginning of the year	20510
6a (2) - Total Active Participants at the end of the year with status codes: A E H L P S U X	21896
<b>Note:</b> Per the Form 5500 reporting requirements, the "Active Participant" count (line 6a (2)) should include all current employees who have met the eligibility requirements during the Plan Year, regardless as to whether they have elected to participate in the plan.	
6b - Total Retired/Separated Participants Receiving Benefits with status codes: I M R T W	7
6c - Total Other Retired/Separated Entitled to Receive Benefits with status codes: I M R T W	1463
6d - Subtotal of 6a (2), 6b and 6c	23366
6e - Total Deceased Participants whose Beneficiaries are Receiving or Entitled to Receive Benefits with status codes: D	46
6f - Total of 6d and 6e	23412
6g1 - Total Participants with Account Balances at the beginning of the Plan Year	11034
6g2 - Total Participants with Account Balances at the end of the Plan Year	12101
6h - Total Number of Participants that Terminated Employment During the Plan Year with Accrued Benefits that were less than 100% Vested with status codes: D I M R T W	0
<b>STATUS CODE LEGEND</b>	
A - ACTIVE	P - PD LEAVE OF ABSENCE
B - BENEFICIARY-SPOUSE	Q - QDRO SPOUSAL
D - DECEASED	R - RETIRED
E - ELIGIBLE	S - SUSPENDED
H - REHIRE	T - TERMINATED
I - INACTIVE	U - MILITARY LEAVE
L - LEAVE OF ABSENCE	V - QDRO NON-SPOUSAL
M - DISABILITY	W - LONG TERM DISABILITY
N - NEW HIRE	X - TRANSFER
	Y - NON-SPOUSE BENE

## 8.7 NEW – Guidance on Mergers

Per [Form 5500 instructions](#), mergers go by legal transfer date and not the administration movement of the assets. For mergers, the Plan Year End Summary (PYES) is prepared through the legal merger date. A Trial Balance can be requested for activity between the legal merger date and when the assets physically moved. On demand templates in PSW® can also be leveraged for this information.

Please see the below excerpt from the AICPA Audit and Accounting Guide: Employee Benefit Plans for further information.

### AICPA Audit and Accounting Guide Employee Benefit Plans

5.104 Plan amendments and merger documentation typically indicate the effective date of the transaction and the appropriate period to record the plan transfer. FinREC recommends the net assets transferred into or out of the plan be recorded on the statement of changes in net assets available for benefits after the net increase or decrease for the period. (See note in paragraph 5.274 for additional information related to determining the proper effective date of the transaction.)

5.274 Auditors need to use judgment in each plan transfer situation based on the procedures previously described to determine if management identified the proper effective date of the plan transfer for the Form 5500 and financial statement reporting purposes.

Determining the appropriate accounting and reporting for a plan transfer can be difficult. The effective date of the plan transfer is a legal determination that may be documented in a plan amendment or board resolution and may differ from the date assets are physically transferred to the successor plan's trust. A plan can hold assets in more than one trust; accordingly, the successor plan may have legal control of the assets or trust of the predecessor plan prior to the date the assets physically transfer. This may result in difficulties in determining the date of the final audit for the plan merging out of existence.

### **Form 5500 Instructions**

The Form 5500 instructions state, "A final return/report should be filed by the plan year (12 months or less) that ends when all plan assets were legally transferred to the control of another plan." The plan administrator may seek guidance from the plan's ERISA legal counsel to determine the date when all plan assets were legally transferred to the control of the successor plan when the effective date of the plan transfer differs from the date the assets were physically transferred.

For additional information, see the [Form 5500 Instructions](#).

## **9.0 ACCOUNTING STANDARDS CODIFICATION® (ASC) 820**

On July 1, 2009 the FASB launched the FASB Accounting Standards Codification as the source of authoritative nongovernmental U.S. GAAP by combining and replacing the many types of accounting standards which evolved over many years. The Codification was effective for interim and annual periods ending after September 15, 2009. While not intended to change U.S. GAAP, the Codification significantly changes the way accounting literature is organized. It is organized by accounting topic and should enable users to quickly identify the guidance applying to a specific accounting issue.

This guide includes an FAQ document, a glossary of common terms related to ASC 820 Fair Value Measurements and Disclosures (ASC 820) and a grid by Security Type providing definitions and general valuation information as reference tools for the plan sponsor and plan's auditors.

The FASB Accounting Standards Codification website is a valuable resource: <http://asc.fasb.org/>.

### **Accounting Standards Updates (ASU) 2015-07 and 2015-12**

During 2015 the FASB issued ASU(s) 2015-07 and 2015-12. These ASU(s) were effective for fiscal years beginning after December 15, 2016 and December 15, 2015 respectively. Changes include:

- Investments using 'practical expedient' can be removed from the hierarchy tables and can use Net Asset Value (NAV) for fair value. This applies to the Fidelity MIP (I & II) and Fidelity Advisor Stable Value Fund.
- SDB (brokerage) accounts are considered one general type of investment.
- Removes fully benefit-responsive investment contracts from the hierarchy leveling table.
- Removes the Level 3 reconciliation.

This is not an entire list of changes. [Sections 7.1 and 7.2](#) list additional changes under these ASU(s).

PSW® provides additional information about a plan's fund line up which may be useful in completing ASC 820 disclosures:

- **General Fund Information** – In PSW®, go to ‘Administer Plans’ and choose ‘Plan Performance’. Here, each investment is listed. Click on each fund name to view additional information.
- **Self-Directed Brokerage (SDB)** – A request to Fidelity’s Audit Support Team can be made to request the investment category for the underlying investments in SDB accounts. A ‘Plan Level Audit’ PSW® type of Service Request should be opened to request the ‘SDB ASC 820 Report’.

## Background

Employee benefit plans will need to apply accounting rules for valuing and reporting the fair value of their investments in the plan’s audited financial statements, as well as including financial statement disclosures about the use of fair value to measure assets subsequent to initial recognition.

While employee benefit plans have always been required to report plan investments at fair value in their financial statements, the ASC 820 framework has changed valuation practices for certain investments, requires possible additional details in the financial statements and requires additional expanded disclosures about fair value measurements.

As has always been the case, plan management retains the ultimate responsibility for the oversight of the final valuations reported in the plan’s financial statements, including determining the adequacy of the related note disclosures.

Plans investing only in mutual funds and equity securities with readily determinable fair values generally have found it easier to implement ASC 820 than plans holding investments for which there is little, if any, market activity at the measurement date, such as limited partnerships, private equity funds and real estate.

## What are some of the basics of ASC 820?

ASC 820 defines fair value as the price received to sell an asset in an orderly transaction between market participants as of the measurement date (typically the plan’s financial statement’s year-end). This price is what is known as the ‘exit price’ versus the cost to acquire the investment or ‘entry price’.

ASC 820 has three different acceptable valuation techniques.

- Market approach
- Income approach
- Cost approach

The market approach is addressed here as it is applicable to almost every situation we would use with Fidelity’s clients.

It uses prices and other relevant information generated by market transactions involving identical or comparable assets.

## The ASC 820 Hierarchy

ASC 820 requires fair value measurement to be determined based on the assumptions the market participants would use in pricing the asset. The standard establishes a three level hierarchy that distinguishes between market participant assumptions as a basis for determining the fair value used and developed based upon:

- Observable inputs – market data obtained from independent sources
- Unobservable inputs – assumptions about market participant assumptions developed based on the best information available in the circumstances

The defined fair value hierarchy prioritizes the inputs as:

- Level 1 – Quoted prices in active markets for identical assets at the measurement date.
- Level 2 – Observable inputs other than quoted prices for the asset, directly or indirectly observable, reflect assumptions market participants would use to price the asset based on market data obtained from sources independent of the plan. This may include matrix pricing, yield curves and indices.
- Level 3 – Unobservable inputs reflect the plan’s own assumptions about the assumptions market participants would use to price an asset based on the best information available in the circumstances.

### Support Steps for the Plan Sponsor and Plan Auditors

Fidelity has established the following process to assist plan sponsors and their auditors in meeting the requirements of ASC 820 and subsequently issued ASU(s).

- To begin, the overall plan investment portfolio should be reviewed and classified according to the ASC 820 ‘Fair Value Hierarchy’ (and related ASU’s) as defined above.
- If the entire plan portfolio is composed of mutual funds (or RICs) or similar investment types, the standard audit package along with the PSW® tools described above should be adequate to address the valuation requirements of the sponsor and the plan’s auditors.
- Our proposed classification for mutual funds (AKA Registered Investment Company or RIC) is level 1.
- [Section 7.2](#) contains information on ASU 2015-07 and applying the practical expedient and leveling for Fidelity Collective Trusts (such as Managed Income Portfolio, Managed Income Portfolio II, Fidelity Advisor Stable Value Funds, and FMTC Commingled Pools).
- If there are other investments such as certain fund of funds (such as a strategy fund) or separately managed accounts considered by the plan as Level 2, additional information may need to be provided to the plan sponsor to fulfill their ASC 820 needs. [Section 7.2](#) has additional detail.

9.0.1	<b>Who is responsible for assigning levels to a plan’s investments?</b>	<p>The plan administrator is responsible for assigning levels and categories to a plan’s investments. Fidelity recognizes, although it is the plan administrator’s responsibility to value and classify the investments in the plan, to assist in the classification, Fidelity is providing a proposed fair value hierarchy level for use in evaluating the plan’s investments. See <a href="#">Section 9.1</a> – ASC 820 Grid.</p> <ul style="list-style-type: none"> <li>○ Additional reporting with suggested leveling may be available upon request for investments recordkept on Fidelity’s GUIDE or InvestOne systems. Examples include specialty funds such as separate accounts, unitized accounts or synthetic GICs.</li> </ul>
9.0.2	<b>Why does Fidelity recommend a Level 1 classification for Fidelity mutual funds?</b>	<ul style="list-style-type: none"> <li>▪ Per each Fidelity mutual fund’s prospectus and shareholder report, Fidelity normally calculates each fund’s NAV as of close of business of the NYSE, normally 4:00 p.m. ET. When calculating a fund’s NAV portfolio securities for which market quotations are readily available, they are generally valued at their market value, which typically is the last quoted sales price at the time of valuation. When there are no readily available market quotations for a security, the portfolio security is valued based on its fair value, typically the amount which the fund might reasonably expect to receive for the security upon a current sale. As a result of a mutual fund’s policies for calculating its NAV and valuing its portfolio securities, Fidelity recommends Fidelity mutual funds be classified as Level 1 for ASC 820 purposes.</li> </ul>

9.0.3	<b>What ASC 820 level are participant loans considered?</b>	<p>According to ASU 2010-25, “The amendments in this Update require participant loans be classified as notes receivable from participants, which are segregated from plan investments and measured at their unpaid principal balance plus any accrued but unpaid interest.”</p> <p>Based on the info above, ASC 820 levels no longer apply to participant loans.</p> <p><i>This accounting standard change does not have an impact on the way participant loans are reported on the Form 5500 Schedule H line 1 c (8).</i></p>
9.0.4	<b>What level are the following Fidelity Collective Trusts (CCTs) – MIP, MIP2 and Fidelity Advisor Stable Value Fund?</b>	<p><a href="#">Section 7.2</a> contains information on ASU 2015-07 for applying the practical expedient and removing the funds from the hierarchy table.</p>
9.0.5	<b>In auditing CCTs and funds which hold other funds and pools, what level of look through may be done?</b>	<p>It is Fidelity’s view that a plan administrator is not required to ‘look through’ a CCT or fund classified as Level 1 under ASC 820 to classify the underlying securities held by such CCT or fund.</p> <p>For other investments such as separate accounts, unitized accounts, synthetic GIC’s and strategy funds looking through one level may be appropriate (i.e. don’t look through to that CCTs underlying holdings).</p>
9.0.6	<b>What information can Fidelity provide for the audit of a plan’s Fidelity managed fund?</b>	<p>The investment type will determine what information may be needed. For Fidelity managed separate accounts, synthetic GICs, specialty funds, etc., holdings reports can be provided upon request from Fidelity’s Audit Support Team.</p>
9.0.7	<b>What information will be provided in the holdings reports?</b>	<p>For the vast majority of investments, Fidelity’s year end reporting package and supplemental reports will be sufficient. However, additional information for non-RIC investments such as MIP, MIP2 and Fidelity Advisor Stable Value Fund may be provided upon request. The holdings reports are in a spreadsheet format and can be found in the General Audit Documents tab on the Administer Plan/Plan Year End Summary Reports page in PSW®.</p>
9.0.8	<b>If a plan holds self-directed brokerage assets, will the year end reporting package provide information needed to level the assets?</b>	<p>Fidelity’s plan year end reporting package provides plan administrators and auditors a great deal of information regarding the self-directed brokerage asset types, holdings and prices. This info can be used to determine the appropriate asset level.</p> <p>Upon request, Fidelity can provide an ASC 820 report for the SDB accounts. Although the report does not provide leveling for each investment, it will include pricing sources and classification when available.</p>
9.0.9	<b>How does Fidelity price the self-directed brokerage assets?</b>	<p>Interactive Data Corporation (IDC) provides prices for the vast majority of SDB holdings.</p> <p>Upon request, Fidelity can provide an ASC 820 report for the SDB accounts. The report includes pricing sources and classification for each investment when available.</p>
9.0.10	<b>I have a self-directed Brokerage account, how are these assets</b>	<p>ASC 820 indicates the price within the bid-ask spread that is most representative of fair value should be used. ASC 820 also provides a practical measure when determining fair value within the bid-ask spread.</p>

	<b>valued?</b> (reference ASC 820)	Although the plan sponsor should evaluate their current valuation practices, Fidelity reports the SDB assets within the bid-ask spread which would most likely be the exit position.
<b>9.0.11</b>	<b>Does the contract value or cash surrender value of an insurance contract represent its fair value?</b>	Generally the fair value of the insurance contract should be considered based on the ASC 820 definition. ASC 820 defines fair value as the price you would expect to receive to sell the asset.  FASB did agree with some contracts the best available estimate of fair value might be contract value. Items specifically required to be measured at contract value, not fair value, would not be subject to ASC 820 fair value reporting.

## 9.1 ASC 820 Grid

This following grid is intended to assist plan administrators in fulfilling their responsibilities for assigning levels under ASC 820 to a plan's investments. It is provided for informational purposes only and does not include a complete list of security types in which a plan may invest. Plan administrators should reach their own conclusions on the appropriate classification for each security type under ASC 820 and reporting under federal regulations. For more information regarding a mutual fund's valuation policies, see the fund's prospectus, statement of additional information and most recent shareholder report.

Security Type	Definition	Valuation Methodology*	Pricing Source(s)	How Current is the Price?	Recommended FASB Fair Value Hierarchy
<b>Fidelity Mutual Funds</b>	Mutual funds are investment companies registered under the Investment Company Act of 1940 that pools the capital of many investors and invests it in stocks, bonds, short-term money market instruments and/or other securities. The mutual fund, a separate legal entity from its investment adviser or sponsor, issues shares representing an undivided proportionate interest in its pool of securities. Open-end mutual funds issue redeemable securities, which permits the shareholder to present her share for redemption and receive her proportionate share of the current value of the fund's assets and continually offers its shares for sale to the public.	See prospectus, notes to audited financial statements and statement of additional information etc.	Fidelity Pricing and Cash Management Services (FPCMS)	A mutual fund's NAV is normally calculated as of the close of business of the NYSE, normally 4:00 p.m. ET. The fund's assets are valued as of this time to compute the fund's NAV.	Level 1
<b>Non-Fidelity Mutual Funds</b>			Fund's vendor/ pricing agent  Examples: Reuters, IDC, and Bloomberg		Level 1

<b>Self-Directed Brokerage</b>	Self-directed brokerage account is a service offered to qualifying clients, allowing plan participants the opportunity to invest in a wide array of securities. Participants can elect to invest their plan assets in individual securities by establishing a plan level brokerage account.	Separate Investment Account, Pooled Separate Accounts and Separate Accounts - Unit valuation based on underlying net asset values of the investments.	Fund's vendor/ pricing agent  <i>(Request SDB ASC 820 Report with price sources)</i>	Prices update daily.  <i>This does not mean assets are valued daily.</i>	Level 1 Level 2 Level 3
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Security Type	Definition	Valuation Methodology*	Pricing Source(s)	How Current is the Price?	Recommended FASB Fair Value Hierarchy
<b>Collective Investment Trust</b>	A trust for the collective investment and reinvestment of assets contributed from employee benefit plans maintained by more than one plan.  <i>(CCTs may publish annual audited financial statements &amp; file a Form 5500 annually.)</i>	See annual report for information on the valuation of the CIT.	Market value of underlying investments - CCTs vendor / pricing agent	In most cases daily; see annual report for information on the valuation of the CIT.	See Section 7.2 for info on ASU 2015-07 for applying the practical expedient and removing the funds from the hierarchy table.
<b>Fidelity Lifecycle Funds</b>	Lifecycle funds, sometimes called 'targeted' or 'age-based' funds, vary their asset mixes among stock, bond and money market funds to become more conservative as they approach a target date. Example - Fidelity Freedom Funds	See prospectus, notes to audited financial statements and statement of addl. info etc.	Fidelity Pricing and Cash Management Services (FPCMS)	Fund's NAV is normally calculated as of the close of business of the NYSE, normally 4:00 p.m. ET. The fund's assets are valued as of this time to compute the fund's NAV.	Level 1

<b>Internally Managed Synthetic GICs</b>	The synthetic GIC consists of two parts, 1) assets owned directly by the plan trust, 2) a wrap contract providing book value protection for participant withdrawals prior to maturity. A traditional GIC owns a group annuity contract with the insurance company retains the custody of the assets. A synthetic GIC the plan has custody of the assets and separately negotiates the wrap contract that provides the book value protection.	Based on contractual terms of the underlying GICs; provides a daily mil-rate for income accretion.	Market value of underlying investments - CCT's vendor / pricing agent Contract value - FPCMS	Daily	See Section 7 to determine if these investments can be removed from the hierarchy table.
<b>Externally Managed Synthetic GICs</b>		External manager maintains this info. Generally based on the contractual terms of the underlying GICs; provides a daily mil-rate for income accretion.	Fund Sponsor / Administrator	Daily feeds from the external manager	

<b>Separate Accounts – Managed by Fidelity</b>	<p>A fund that's a portfolio tailored and maintained by a portfolio manager to meet the needs of a specific client. Professional fund managers decide what percentage of the fund should be invested in each asset class and which countries, industries and companies have the best prospects for good returns. Each investor receives 'units' in the fund with each unit representing a mix of all underlying assets. This differs from a mutual fund because the investor directly owns the securities instead of owning a share in a pool of securities.</p>	NAV is calculated by Fidelity	<p>Market value of underlying investments</p> <p>Contract value - Fidelity Pricing and Cash Management Services (FPCMS)</p>	<p>A fund's NAV is normally calculated as of the close of business of the NYSE, normally 4:00 p.m. ET. The fund's assets are valued as of this time to compute the fund's NAV.</p>	<p>Level 1, 2 or 3 - Dependent upon the type of underlying investment</p> <p><i>(Leveling for underlying investments may be available upon request from Fidelity's Audit Support Team.)</i></p>
<b>Separate Accounts – Externally Managed (External Money Manager-EMM)</b>	<p>A managed fund is a portfolio tailored and maintained by a portfolio manager to meet the needs of a specific client. Professional fund managers decide what percentage of the fund should be invested in each asset class and which countries, industries and companies have the best prospects for good returns. Each investor receives 'units' in the fund with each unit representing a mix of all underlying assets. This differs from a mutual fund because the investor directly owns the securities instead of owning a share in a pool of securities.</p>		<p>Fidelity or Fund's vendor/pricing agent</p>		<p>Level 1, 2 or 3 - Dependent upon the type of underlying investment</p>
<b>Managed Funds – Strategy Funds, Life Style Funds</b>	<p>A managed fund is a portfolio tailored and maintained by a portfolio manager to meet the needs of a specific client. Professional fund managers decide what percentage of the fund should be invested in each asset class and which countries, industries and companies have the best prospects for good returns. Each investor receives 'units' in the fund with each unit representing a mix of all underlying assets. This differs from a mutual fund because the investor directly owns the securities instead of owning a share in a pool of securities.</p>		<p>Fund Vendor, Fund Company, Pricing Agent</p>		<p>Level 1, 2 or 3 - Dependent upon the type of underlying investment</p> <p><i>(Upon request suggested leveling may be available for the underlying investments.)</i></p>

## APPENDIX A – R25 CHECK REGISTER

The R25 Check Register provides details regarding distributions from the plan, including information reported on the Form 1099-R. This information pulls from Omnipay - the disbursement system used for check writing, tax reporting, check and tax history maintenance and electronic fund transfers (EFTs).

The R25 is meant to provide additional information around check and EFT withdrawals from the plan. It will report any checks, tax record updates and EFTs during the plan year. It could include updates to tax records or checks from another time period. In total, it may not reconcile to the other reports detailing total plan withdrawals, as the R25 report only includes those withdrawals updated in Omnipay during the time period selected.

\*\*The R25 report will not include payments from the plan to third party service providers. The report will also exclude accounts that have ten-digit Social Security Numbers (SSNs) if the report is requested from PSW® using the following steps. Ten-digit SSNs are commonly used for beneficiary and alternate payee accounts. Distribution detail can be reviewed in PSW® for accounts with ten-digit SSNs under the View Participants tab. To obtain a R25 report which includes payments to third party service providers and accounts with ten-digit SSNs, a request should be entered with the Fidelity Audit Support Team.

## Ordering the R25 Check Register Report from PSW®

Go to the PSW® Reporting tab and choose Dashboard. Choose the 'Audit R25 Check Register' template.

- To display data the user needs to select one (or more) plan from the DC Plan Number dropdown. The Calendar Day range will default to the prior calendar year.
- If another date range is desired, update the dates and the Calendar Day fields.
- The report can be further filtered if desired by SSN, Employee Number, Status, Division Name, Division Code, Check Status, and 1099R Tax Reporting Indicator.
- Once all selections are made, click the OK button to generate the report. Once the report is generated, you will have the option to customize which data fields appear on the report and export the report.

\*\*The report will display any deduction type (i.e. Federal and State Taxes) and amount details on separate rows so you may see multiple rows for the same check number and check amounts. If you wish to reduce deduction detail to one line, you can do so by changing the Deduction Type & Check Deduction Amount dropdowns to 'Hide' after the report is generated. This will make it so the report will include one total for the sum of all deductions per distribution.

Data is available for at least the last seven calendar years. If data is not available for the time period selected, please enter a PSW® Service Request or call the Audit Support Helpline.

*Fidelity's Audit Support Team cannot provide copies of the Form 1099-R. The information from the form is included in the R-25 Report.*

### A.1 Information provided on the R25

1. Provides all distributions in the plan, participant and plan level including loan overpayment distributions. (Exception – Annuity transactions with codes 710-09 on the Withdrawals Report will not be included on the R25 Report. These types of withdrawals are wired and do not have a 1099-R.)
2. Lists each distribution in the plan individually; if a participant has 12 distributions during the plan year, 12 lines of data will be provided.
3. Provides the data in a spreadsheet format which assists with the auditor's analytics.
4. Provides electronic funds transfer information including the bank of deposit.
5. Provides backup for loans sent to the participant via electronic funds transfer.
6. Provides backup for internal rollovers to a Fidelity IRA.
7. Eliminates the need for screen shots from the Fidelity Participant Recordkeeping System
8. Eliminates the need for the individual 1099-R forms

### A.2 Column Description

The R25 provides additional columns of information, listed below with descriptions. Many of these columns can be hidden or displayed at your discretion after generating the report.

Column Title	Description
Plan Number	Plan number
Plan Name	Plan name
SSN	Social security number of payee

Employee Number	Employee number of payee
Full Name	Person or institution check is made payable to
Status	Employee's status in the plan as of report run date
Division Name (Historical)	Division the participant is in
Division Code (Historical)	System code for the division
Gross Check Amount	Gross amount of payment
Total Amount Deducted	Amount withheld from payment
Net Check Amount	Net amount paid after withholding
Check Deduction Type	Generally, this is the type of withholding (See deduction type descriptions)
Check Deduction Amount	The amounts withheld
Check Number	Check number associated with withdrawal
Payment Type	Form or method of payment
Bank Name	Name of bank withdrawal was made from
Check Date	Date the check was created
Tax Year	The year payment was made; Stop and replace checks will maintain the original tax year
Check Status	Indicates status of payment – Status is as-of the date the R25 report was generated.
Check Cleared Date	The date the check was cashed or EFT transaction was done
Check Reversal Date	Date check was stopped
EFT Routing Number	Routing number of receiving bank
EFT Account Type	Receiving bank account type
Distribution Type	Transaction type from recordkeeping system
Distribution Code	Transaction type from recordkeeping system
IRS Distribution Code 1	IRS distribution code reported on 1099-R
IRS Distribution Code 2	Secondary IRS distribution code reported on 1099-R
Alternate Payee SSN	SSN for an alternate payee if applicable
Pay to Order of	Person or institution check is made payable to
Address of Payee	Physical address of payee
1099R Tax Reporting Indicator	Indicates if there was a 1099R

*Bank account number is not provided in order to protect the privacy of the account holder.*

### **A.3 R25 Data Key**

Certain columns contain information not previously provided during the audit process. In the tables below, details of this new information is provided.

#### **A.3.1 Payment Type**

The Payment Type column of the R25 Check Register indicates how the distribution was completed on the participant's behalf. See below for the different descriptions and the check availability for that specific transaction.

<b>Code</b>	<b>Description</b>	<b>Check Copy Availability</b>
Advice – Bank Name	Created for most withdrawal transactions except for EFTs. Advice records with “gross” and “deducted” amounts are usually for loan defaults. An advice record is not created for manual transactions. The bank the record is created from will also be included.	No
Adjustment (ADJM)	These records are generated for internal money movement to Fidelity IRA or other plans; and for corrections to participant tax	No

	records. Please note: statements for the receiving IRA or plan account are not available.	
Check – <i>Bank name</i>	These records are created systematically or manually and used for all distributions processed via a paper check from Deutsche Bank or Wells Fargo.	<b>Yes</b>
EFT – <i>Bank Name</i>	These records are created for distribution processed via an ACH EFT (direct deposit); name of bank distribution is drawn from will be included.	No

### A.3.2 Check Deduction Type

The Deduction Code column specifies the type of deduction.

<b>Code</b>	<b>Description</b>
Federal Tax	Federal taxes withheld
State Tax	State taxes withheld
LOAN	Loan default
ELOSS	Lost earnings attributable to returns of excess (corrective distributions); code may also be used for adjustments to a participant’s cost basis for Roth or After-Tax distributions. ELOSS is a Fidelity term for the difference between the gross distribution and the employee contribution amount.
NRATX	Non-resident alien tax indicator
In Kind	Withdrawals made in-kind

### A.3.3 Distribution and IRS Codes

The Distribution Code is used by the recordkeeping system to differentiate the types of distributions. Detail is now provided for each type (Loan, Total Payout, Hardships, etc.)

The IRS website can be a useful tool in determining reporting and taxability of plan distributions. The [IRS website](#) has Form 1099-R instructions with information on the IRS distribution codes which appear on the R25 Distribution Report.

## APPENDIX B SOC 1 REPORT CONTROLS REFERENCED TO AICPA AUDIT & ACCOUNTING GUIDE

The purpose of this section of the report is to provide clients and their auditors with a tool for understanding how the controls identified in Section IV of this report relate to the suggested auditing procedures within the AICPA Audit and Accounting Guide, Employee Benefit Plans (Audit Guide) as of August 1, 2024. This section is not a suggested audit program. Planning the defined contribution plan audit is the responsibility of the plan auditor. The actual AICPA Audit and Accounting Guide should be used when planning the audit.

The following pages contain extracts from two of the Audit Guide's chapters:

- Chapter 5 Defined Contribution Retirement Plans
- Chapter 11 Investments

The extracts include certain auditing objectives and auditing procedures from each of these chapters. These audit procedures are referenced to specific controls within Section IV of this report, which may be relevant to plan auditors. The reference to a particular control within this report indicates that the control may be relevant to the specific auditing procedure referenced in the Audit Guide; in certain instances, a control may not fully apply to an audit procedure referenced in the Audit Guide.

Controls within the control objectives: Client Reporting, System Development and Maintenance, Computer Operations, and Logical Security are not specifically referenced in the following pages because they are broadly relevant controls that impact multiple components of the control environment.

It is ultimately the report user's responsibility to evaluate the information in this report in relation to the controls in place at each user location to assess the overall control environment and to determine appropriate audit procedures. If effective user controls are not in place, the controls within Fidelity may not compensate for such weaknesses.

*From the AICPA Audit and Accounting Guide, Employee Benefits Plans as of August 1, 2024:*

Par.	Audit Guide	Controls within the SOC 1 Report
	<b>Investments and Related Income</b>	
11.130	<p><b>Examples of Assertions That May Be Relevant Assertions</b></p> <p>The following are examples of assertions the auditor may determine to be a risk of the relative assertions because they have an identified risk of material misstatement for plan investments:</p> <ol style="list-style-type: none"> <li>Investments and investment transactions are initiated in accordance with the established investment policies and comply with plan provisions.</li> <li>All investments are recorded and exist.</li> <li>All investments are owned by the plan free of liens, pledges, and other security interests or, if not, whether the security interests are identified and properly disclosed.</li> <li>All investments are valued as of the plan's year-end in accordance with the applicable financial reporting framework.</li> <li>Investment principal and income transactions (including net appreciation) are recorded and properly valued in accordance with the applicable financial reporting framework.</li> <li>Whether the plan has any intention of seeking to dispose of or terminate any investment agreements or contracts.</li> <li>Derivatives are properly recorded as assets or liabilities.</li> </ol>	<p>Relevant Controls for this Section: Controls 4.12 – 4.14, 4.17, 5.1 – 5.12, 6.1 – 6.13</p>

Par.	Audit Guide	Controls within the SOC 1 Report
	<p><i>h.</i> Information about investments is properly presented and disclosed.</p>	
	<p><b>Example Audit Procedures to Consider (All Plans)</b></p>	
<p><b>11.132</b></p>	<p>The following are examples of audit procedures relating to all types of plan investments. As described in paragraph 11.97, the procedures listed here are not meant to be a complete list that would be applied to all audits and should be tailored to the specifics of each audit engagement, taking into consideration the nature of the plan's investments:</p> <ul style="list-style-type: none"> <li><i>a.</i> Obtaining and testing an analysis of changes in investments during the period. The analysis ordinarily will include such information as (i) the name of the issuer; (ii) a description of the investment, including the number of shares of stock or shares of RICs, units of commingled funds, par value of bonds, principal amount of mortgages, maturity date, interest rate, and collateral; (iii) cost and fair value at the beginning and end of the period and the basis of determining the fair value; and (iv) cost of investments acquired and proceeds from investments sold during the period.</li> <li><i>b.</i> Obtaining evidence regarding the existence and ownership of investments and information about any liens, pledges, or other security interests, either by direct confirmation from the trustee or custodian or by physical count. For a plan, the auditor may confirm securities with the trustee or custodian, including securities held on behalf of the plan in a central securities system or similar omnibus account or may physically examine the securities, as applicable under the circumstances. With respect to the confirmation procedure, the trustee or custodian is legally responsible for assets held under the trust agreement. Thus, if a plan's investments are held by a bank's trust department, the auditor ordinarily accepts a confirmation from the bank as evidence of the existence and ownership of the investments. The auditor may direct the confirmation request to a third party who the auditor believes is knowledgeable about the information to be confirmed. The auditor may obtain information regarding the trustee's responsibility and financial capability. Procedures that the auditor may consider include <ul style="list-style-type: none"> <li><i>i.</i> Reviewing the trust instrument provision or other applicable agreement to determine the trustee's (custodian's) responsibilities.</li> <li><i>ii.</i> Determining whether the trustee (custodian) has insurance covering the plan assets under his or her control.</li> <li><i>iii.</i> Reading recent financial statements of the trustee.</li> <li><i>iv.</i> Implementing other confirmation procedures, such as confirmation of (see paragraph 11.126 for discussion of external confirmations) <ul style="list-style-type: none"> <li>(1) When-issued transactions with the underwriter, including the value of such transactions as of the valuation date.</li> <li>(2) Commodity futures contracts, put or call options, financial futures contracts, swaps, and similar exchange-traded or directly negotiated (over-the-counter) derivative contracts with the clearing broker or counterparty.</li> <li>(3) Forward contracts, standby commitment contracts, and repurchase agreements (with the counterparty). For forward contracts, standby commitments, and reverse repurchase agreements, the auditor may review the contracts or agreements.</li> <li>(4) Short securities positions with the broker.</li> <li>(5) Borrowed or loaned securities and related collateral with the broker or counterparty.</li> </ul> </li> </ul> </li> <li><i>c.</i> Reviewing minutes, agreements, and confirmations for evidence of liens, pledges, or other security interest in investments.</li> <li><i>d.</i> Testing investment transactions by <ul style="list-style-type: none"> <li><i>i.</i> Determining they were properly authorized.</li> <li><i>ii.</i> Examining brokers' advices, cash records, and other supporting documentation for the cost, selling price, quantity, identification, and dates of acquisition and disposal of the investments. Because most trading functions among investment managers, brokers, and trade settlement or clearing organizations are automated, testing approaches would vary depending upon the availability of online or external documentation</li> </ul> </li> </ul>	<p>Relevant Controls for this Section: Controls 4.12 – 4.14, 4.17, 5.1 – 5.12, 6.1 – 6.13</p>

Par.	Audit Guide	Controls within the SOC 1 Report
	<p>maintained. Most investment advisers for control and documentation retention maintain a listing of trades executed. Often, trade details can be traced to online records that include matching broker and settlement confirmation. This same detail is often available in summary statements or other means that are maintained by the investment adviser.</p> <ul style="list-style-type: none"> <li>iii. Comparing prices at which purchases and sales were recorded with published market price ranges on the trade dates.</li> <li>iv. Recalculating net appreciation utilizing information in (i)–(iii) preceding (or realized and unrealized gains and losses when such items are presented in the statement of changes in net assets available for benefits or in the notes to the financial statements).</li> <li>e. Confirming with the plan’s trustee, custodian, or co-trustee broker the status of any securities that are in transit.</li> <li>f. Testing investment income, which may include testing a sample of dividends and interest earned during the period; applying analytical procedures; or a combination of both. In testing a sample of dividends for publicly traded securities, the auditor may consult independent financial reporting services to determine the ex-dividend and payable dates and the rates for the securities selected for testing. Interest payment dates and rates are also available from such services.</li> <li>g. Determining the extent of audit procedures when the nature and significance of investment income comes from sources other than dividends or interest.</li> <li>h. Determining whether accruing investment income during the period has been properly recorded. If the investment manager’s compensation is material and based on the plan’s investment performance or other similar criteria, determine that the investment performance criteria affecting such compensation have been adequately tested to serve both purposes. It may be necessary for the plan administrator to engage a specialist as part of this procedure.</li> <li>i. Testing the fair value of investments by reference to market quotations or other evidence of fair value, in accordance with AU-C sections 501 or 540A, as applicable. See paragraph 11.106 for a discussion on the use of specialists when valuing investments. The following are examples of audit procedures relating to the valuation of investments: <ul style="list-style-type: none"> <li>i. Reviewing and evaluating the plan’s methodology and procedures for estimating the fair value of investments, including those obtained from third-party pricing services.</li> <li>ii. Determining whether the plan’s methods and procedures for estimating fair value were followed and are appropriate for the asset being measured.</li> <li>iii. Testing the underlying documentation supporting the estimates.</li> <li>iv. If the investment manager’s compensation is material and based on the fair value of plan investments, determining whether the fair value of investments has been adequately tested for this purpose.</li> <li>v. Inquiring if the plan’s board of trustees, administrative committee, or other designated party has reviewed and approved estimates of the fair value of plan investments and reading supporting minutes or other documentation.</li> <li>vi. Testing portfolio valuations as of the date of the financial statements. The timing and extent of testing portfolio valuations is a matter of the auditor’s judgment.</li> <li>vii. Testing transactions on dates selected from the period under audit for agreement with the values computed by the plan. The extent of those tests are typically based on the auditor’s judgment after considering tolerable misstatement, the assessed risk of material misstatement, and the degree of assurance the auditor plans to obtain.</li> <li>viii. When there are no quoted prices in an active market, <ul style="list-style-type: none"> <li>(1) Evaluating whether the entity’s method of measurement is appropriate in the circumstances. Auditors use professional judgment when making that evaluation.</li> <li>(2) Obtaining an understanding of management’s rationale for selecting a particular valuation method by discussing with management its reasons for selecting that method.</li> </ul> </li> </ul> </li> </ul>	

Par.	Audit Guide	Controls within the SOC 1 Report
	<p>(3) Determining whether management has sufficiently evaluated and appropriately applied the criteria, if any, provided by the applicable financial reporting framework to support the selected method.</p> <p>(4) Determining whether the valuation method is appropriate in the circumstances, given the nature of the item being valued.</p> <p>(5) Determining whether the valuation method is appropriate in relation to the environment in which the entity operates.</p> <p>ix. In some cases, management may have determined that different methods result in a range of significantly different estimates. In such cases, obtaining an understanding of how the entity has investigated the reasons for these differences may assist the auditor in evaluating the appropriateness of the method selected. (See paragraph.A74 of AU-C section 540A.) This may include</p> <p>(1) In accordance with item (b) in paragraph .12 of AU-C section 540A, the auditor should determine whether the methods for making the accounting estimates are appropriate and have been applied consistently and whether changes from the prior period, if any, in accounting estimates or the method for making them are appropriate in the circumstances. The application of the requirements of the applicable financial reporting framework requires management to consider changes in the environment or circumstances that affect the entity. For example, the introduction of an active market for a particular class of asset or liability may indicate that the use of discounted cash flows to estimate the fair value of such asset or liability is no longer appropriate. If management has changed the method or assumption for making an accounting estimate, it is important that management can demonstrate that the new method or assumption is more appropriate or is responsive to such changes.</p> <p>(2) Testing how management made the accounting estimate and the data on which it is based. This may involve, for example, the following: (a) testing the extent to which data on which the accounting estimate is based is accurate, complete, and relevant and whether the accounting estimate has been properly determined using such data and management assumptions; (b) considering the source, relevance, and reliability of external data or information, including that received from management’s specialists, to assist in making an accounting estimate; (c) determining how management has taken into account the effect of events, transactions, and changes in circumstances occurring between the date that the estimate or inputs to the estimate were determined and the reporting date if the estimate was not made as of a date that coincides with the reporting date (for example, a valuation by an independent appraiser may be as of a different date); (d) recalculating the accounting estimate and reviewing, for internal consistency, information used to determine the estimate; and (e) considering management’s review and approval process. (See paragraph .A69 of AU-C section 540A.)</p> <p>(3) Evaluating whether the method used (including any applicable model) is appropriate in the circumstances when the applicable financial reporting framework does not prescribe the method of measurement. It is a matter of professional judgment. For this purpose, matters that the auditor may consider include, for example, whether (a) management’s rationale for the method selected is reasonable; (b) management sufficiently and appropriately has evaluated and applied the criteria, if any, provided in the applicable financial reporting framework to support the selected method; (c) the method is appropriate, and sufficient data is available in the circumstances, given the nature of the asset or liability being estimated and the requirements of the applicable financial reporting framework relevant to accounting estimates; (d) the method is appropriate with regard to the business, industry, and environment in which the entity operates. (See paragraph .A73 of AU-C section 540A.)</p> <p>(4) The auditor’s evaluation of the assumptions used by management is based only on information available to the auditor at the time of the audit. Audit procedures dealing with management assumptions, including those used as inputs to valuation models, are performed in the context of the audit of the entity’s</p>	

Par.	Audit Guide	Controls within the SOC 1 Report
	<p>financial statements, not for the purpose of providing an opinion on the assumptions themselves. Matters that the auditor may consider in evaluating the reasonableness of the assumptions used by management include, for example: (a) whether individual assumptions appear reasonable; (b) whether the assumptions are interdependent and internally consistent; (c) whether the assumptions appear reasonable when considered collectively or in conjunction with other assumptions, either for that accounting estimate or other accounting estimates; and (d) in the case of fair value accounting estimates, whether the assumptions appropriately reflect observable market assumptions (See paragraph .A79 of AU-C section 540A). In addition, matters that the auditor may consider in evaluating the reasonableness of assumptions used by management underlying fair value accounting estimates, when applicable, may include, for example, (a) when relevant, whether and, if so, how management has incorporated market-specific inputs in the development of assumptions; (b) whether the assumptions are consistent with observable market conditions and the characteristics of the asset or liability being measured at fair value; (c) whether the sources of market participant assumptions are relevant and reliable and how management has selected the assumptions to use when a number of different market participant assumptions exist; and (d) when appropriate, whether and, if so, how management considered assumptions used in, or information about, comparable transactions, assets, or liabilities (See paragraph .A83 of AU-C section 540A).</p> <p>Determining whether events occurring up to the date of the auditor's report provide audit evidence regarding the accounting estimate may be an appropriate response when such events are expected to occur and provide audit evidence that confirms or contradicts the accounting estimate (See paragraph .A63 of AU-C section 540A). Events occurring up to the date of the auditor's report may sometimes provide sufficient appropriate audit evidence about an accounting estimate (See paragraph .A64 of AU-C section 540A). For some accounting estimates, events occurring up to the date of the auditor's report are unlikely to provide audit evidence regarding the accounting estimate. For example, the conditions or events relating to some accounting estimates develop only over an extended period. Also, because of the measurement objective of fair value accounting estimates, information after period-end may not reflect the events or conditions existing at the balance sheet date and, therefore, may not be relevant to the measurement of the fair value accounting estimates (See paragraph .A65 or AU-C section 540A).</p> <p>(5) Collateral often is assigned for certain types of investments in debt instruments that are either required to be measured at fair value or evaluated for possible impairment. If the collateral is an important factor in measuring the fair value of the investment or evaluating its carrying amount, it may be necessary for the auditor, in determining whether management has appropriately applied the requirements of the applicable financial reporting framework, to obtain sufficient appropriate audit evidence regarding the existence; value; rights; and access to, or transferability of, such collateral (including consideration of whether all appropriate liens have been filed and appropriate disclosures have been made) (See paragraph .A56 of AU-C section 540A).</p> <p><i>j.</i> Testing the computation of the net change in appreciation or depreciation of the fair value of investments.</p> <p><i>k.</i> Inquiring of the plan administrator or other appropriate parties if they are aware of any situation in which the plan's investments or other transactions are not in compliance with the plan's investment policy or other applicable agreements or violate applicable laws or regulations.</p> <p><i>l.</i> Once the auditor has obtained the requisite investment information from the plan trustee, consider obtaining the same type of information from the party named as having discretion to make investment decisions, such as the plan administrator, the plan's investment committee, or the plan's investment adviser (the directing party) and reviewing and</p>	

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	<p>reconciling the directing party's reports (investment position and activity) with those of the trustee.</p> <p><i>m.</i> Reviewing subsequent events and transactions.</p> <p><i>n.</i> Obtaining sufficient appropriate audit evidence about whether the disclosures in the financial statements related to accounting estimates are in accordance with the applicable financial reporting framework. For accounting estimates that give rise to significant risks, evaluating the adequacy of the disclosure of estimation uncertainty in the financial statements in the context of the applicable financial reporting framework. See paragraphs .19–.20 of AU-C section 540A. AU-C section 705 addresses the implications for the auditor's opinion when the auditor believes that management's disclosure of estimation uncertainty in the financial statements is inadequate or misleading.</p>	
	<b>Auditing Shares of Mutual Funds or RICs</b>	
<b>11.137</b>	<p>Many employee benefit plans invest in open-ended mutual funds or other investment companies that are registered with the SEC. RICs are required to report their policies and financial conditions, much like a publicly traded company. In addition, there are exchange-traded funds that are investment funds traded on a stock exchange, much like common stocks. There may also be certain instances when a plan invests in an investment company that is not registered with the SEC, and fair value information is not publicly available. A mutual fund, RIC, or other investment company would typically have a prospectus or other offering document that would provide helpful information regarding the nature and risks of the fund.</p>	
<b>11.138</b>	<p>Many of the audit procedures discussed in paragraph 11.132 are applicable for mutual funds. In addition, the following are examples of audit procedures relating to mutual funds:</p> <ol style="list-style-type: none"> <li><i>a.</i> Testing the fair value of the mutual funds by comparing the per unit values as of year-end with market quotations, if publicly available.</li> <li><i>b.</i> Confirming positions held by the plan with the trustee or custodian or directly with the mutual fund's transfer agent, as applicable.</li> <li><i>c.</i> Examining documents approving and supporting selected investment transactions in units of participation, such as investment committee minutes, trust agreements, or investment guidelines, if applicable.</li> <li><i>d.</i> Obtaining the most recently audited financial statements for the mutual fund, if available, and <ol style="list-style-type: none"> <li><i>i.</i> Reading the financial statements, including the auditor's report, and determining whether the use of NAV per share (or its equivalent) as a practical expedient to measure fair value, as of the plan's measurement date, is appropriate under FASB ASC 820.</li> <li><i>ii.</i> Determining whether the audit was performed by a reputable firm.</li> <li><i>iii.</i> Determining that the audited NAV per share (or its equivalent) provides appropriate audit evidence to support the fair value of the investment.</li> <li><i>iv.</i> Recomputing the fair value of the investment using the confirmed units in the fund and the audited NAV per share (or its equivalent) of the fund.</li> </ol> </li> <li><i>e.</i> Testing purchase and sale activity during the year by the agreeing number of units bought or sold to trade tickets or other authorization and unit value to NAV published or detailed in audited financial statements.</li> <li><i>f.</i> Testing dividend and capital gain distributions received by the plan during the year by recalculating the amount based on the plan's investment in the mutual fund and distribution rates published or detailed in the audited financial statements.</li> </ol> <p>5. If the mutual fund financial statements are not audited by an independent auditor, or the price is not publicly available, or there is a significant gap between the date of the audited financial statements and the plan's year-end, then consider what additional procedures would need to be performed, such as investment existence and valuation testing over the underlying assets held within the fund or other alternative procedures. The nature and extent of such procedures would vary, considering the risks identified.</p>	<p>Relevant Controls for this Section:</p> <p>Controls 4.11, 4.18 – 4.49, 5.1 – 5.12, 6.1 – 6.13</p>

Par.	Audit Guide	Controls within the SOC 1 Report
	<b>Auditing Interests in CCTs</b>	
11.139	Many employee benefit plans invest in CCTs. CCTs typically have a trust document that describes the nature and risks of the investment. Audited financial statements are often available for the CCTs.	
11.140	<p>An understanding of the CCT arrangement, including availability of audited financial statements, will assist the auditor in determining how to apply audit procedures. Many of the auditing procedures discussed in paragraph 11.130 are applicable for CCTs and may enable the auditor to obtain sufficient audit evidence. The following are examples of audit procedures relating to CCTs that may also be necessary to be performed, if the procedures in paragraph 8.130 are not sufficient:</p> <ol style="list-style-type: none"> <li>a. Confirming directly with the trustee or fund adviser, as appropriate, the units of participation held by the plan.</li> <li>b. Examining documents approving and supporting selected investment transactions in units of participation, such as investment committee minutes, trust agreements, or investment guidelines, if applicable.</li> <li>c. Obtaining the most recently audited financial statements for the CCT, if available, and <ol style="list-style-type: none"> <li>i. Reading the financial statements, including the auditor's report and determining whether the use of NAV per share (or its equivalent) as a practical expedient to measure fair value, as of the plan's measurement date, is appropriate under FASB ASC 820.</li> <li>ii. Determining whether the audit was performed by a reputable firm.</li> <li>iii. Determining that the audited NAV per share (or its equivalent) provides appropriate audit evidence to support the fair value of the investment.</li> <li>iv. Recomputing that the audited NAV per share (or its equivalent) provides appropriate audit evidence to support the fair value of the investment.</li> </ol> </li> <li>d. Testing purchase and sale activity during the year by agreeing number of units bought or sold to trade tickets or other authorization and unit value to NAV provided by the investment adviser or detailed in audited financial statements.</li> <li>e. Testing distributions received by the plan during the year by recalculating the amount based on the plan's investment in the CCT and distribution rates provided by the investment adviser or detailed in the audited financial statements.</li> <li>f. If the CCT's financial statements are not audited by an independent auditor, or there is a significant gap between the date of the CCT's audited financial statements and the plan's year-end, considering what additional procedures would need to be performed, such as investment existence and valuation testing over the underlying assets held in the fund or other alternative procedures. The nature and extent of such procedures would vary considering the risks identified. If the plan auditor is unable to apply the auditing procedures discussed in this paragraph, then there may be a limitation on the scope of the audit. The effect on the auditor's report when there are restrictions on the scope of the audit, whether imposed by the client or circumstances, is found in AU-C section 705.</li> </ol>	<p>Relevant Controls for this Section:  Controls 4.11, 4.18 – 4.29, 5.1 – 5.12, 6.1 – 6.5, 6.8 – 6.9, 6.11, 6.13</p>
	<b>Notes Receivable From Participants (Participant Loans)</b>	
5.231	<p><b>Examples of Assertions That May Be Relevant Assertions</b></p> <p>The following are examples of assertions the auditor may determine to be relevant assertions because they have an identified risk of material misstatement. The examples relate to notes receivable from participants (participant loans) and include whether:</p> <ol style="list-style-type: none"> <li>a. All notes receivable from participants are properly recorded and exist.</li> <li>b. Notes receivable from participants are properly valued and disclosed in accordance with the applicable financial reporting framework.</li> <li>c. Notes receivable from participants are initiated in accordance with the plan's provisions.</li> </ol>	<p>Relevant Controls for this Section:  Controls 3.16, 4.1 – 4.6, 4.9 – 4.14, 4.17, 8.1 – 8.3</p>
5.233	<p><b>Examples of Audit Procedures to Consider</b></p> <ol style="list-style-type: none"> <li>a. Examining documentation supporting the issuance of the participant loan in accordance with the plan's provisions.</li> </ol>	<p>Relevant Controls for this Section:</p>

Par.	Audit Guide	Controls within the SOC 1 Report
	<ul style="list-style-type: none"> <li>b. Confirming participant loan balances and terms directly with plan participants.</li> <li>c. Testing that loan repayments and interest income are properly calculated and recorded.</li> <li>d. Obtaining a rollforward of participant loans from the recordkeeper. Testing the reconciliation of loan activity from the rollforward to the trustee (custodian) statement, including new loan disbursements, loan principal repayments, and ending balance.</li> <li>e. For individuals who qualify for a loan from the plan, determining the loan is made in accordance with the plan's loan policy and has been properly segregated in the individual's account.</li> <li>f. Reviewing financial statement classification to ascertain that participant loans are properly reported as notes receivable from participants, not as an investment, and that interest income is not recorded as investment income but as other income, if material.</li> </ul>	Controls 3.16, 4.1 – 4.6, 4.9 – 4.14, 4.17, 8.1 – 8.3
	<b>Contributions and Contributions Receivable</b>	
5.237	<p><b>Examples of Assertions That May Be Relevant Assertions</b></p> <p>The following are examples of assertions that the auditor may determine to be relevant assertions because they have an identified risk of material misstatement. The examples relate to contributions and contributions receivable and include whether:</p> <ul style="list-style-type: none"> <li>a. Amounts received or due have been appropriately determined, recorded, and disclosed in the financial statements in the proper period, in accordance with plan's provisions and in accordance with the applicable financial reporting framework.</li> <li>b. An appropriate allowance has been made for uncollectible plan contributions receivable in accordance with the applicable financial reporting framework.</li> <li>c. Participant's contributions are authorized and have been executed at the proper amount, in the proper period, and in accordance with the plan's provisions and at the participant's direction.</li> <li>d. All active participants (participants who are contributing to the plan or eligible for the employer contribution) have been properly included in the employee eligibility reports and contribution records.</li> <li>e. Appropriate and accurate participant data, including payroll information, is being utilized in determining amounts contributed to the plan.</li> </ul>	Relevant Controls for this Section: Controls 1.1, 1.2, 4.16 – 4.29, 4.32
5.239	<p>The following are examples of audit procedures for auditing contributions and contributions receivable:</p> <ul style="list-style-type: none"> <li>a. Determining whether the different types of contributions (for example matching, discretionary matching, profit sharing, or contribution limits) are in accordance with the rate or formula specified by the plan's provisions or collective bargaining agreement.</li> <li>b. Obtaining and reviewing a three-way reconciliation of total contributions from the trustee or custodian reports to (i) the contributions per the plan sponsor's payroll or other records and (ii) the contributions per the recordkeeper's reports, such as the participant account summary.</li> <li>c. Determining whether money purchase plans and target benefit plans have met the minimum funding requirements as required by ERISA.</li> <li>d. Comparing the amount of employer contributions recorded in the plan's records with the amount approved by the board of directors of the plan sponsor if the plan document requires that the board of directors determines or approves the employer contribution (or the collective bargaining agreement for a multiemployer plan).</li> <li>e. Considering the results of the audit procedures performed to test the participant accounts and allocations, as described in paragraphs 5.213 and 5.239. If participant account or allocation errors are identified, determining whether a receivable or another adjustment is necessary.</li> <li>f. Applying appropriate analytical procedures, such as calculating total employer contributions as a percentage of participant contributions and comparing results with prior years and expectations based on plan provisions. For noncontributory plans or discretionary employer contributions (for example, profit sharing contributions) that are</li> </ul>	Relevant Controls for this Section: Controls 1.1, 1.2, 4.16 – 4.29, 4.32

Par.	Audit Guide	Controls within the SOC 1 Report
	<p>not based on participant contributions, comparing employer contributions per active participant with prior years and expectations.</p> <ul style="list-style-type: none"> <li><i>g.</i> Testing whether forfeited nonvested participant accounts, if any, have been properly applied to reduce employer contributions or to pay plan expenses, if appropriate, under the plan's provisions.</li> <li><i>h.</i> Vouching contributions to wire transfer notices or other supporting evidence.</li> <li><i>i.</i> Reviewing criteria used by the plan in accruing employer and employee contributions receivable and determining that the accruals have been recorded in accordance with the applicable financial reporting framework.</li> <li><i>j.</i> Tracing the subsequent receipt of contributions receivable to supporting documentation.</li> <li><i>k.</i> Evaluating the reasonableness of the plan's allowance for estimated uncollectible amounts based on testing of collections subsequent to the date of the financial statements and reviewing the status of unpaid amounts.</li> <li><i>l.</i> Obtaining a schedule of, or inquiring of plan management about, the timeliness of employee salary deferral contribution remittances (and loan repayments, if applicable) to the plan and, if necessary, applying additional audit procedures. Failure of the plan sponsor to remit employee salary deferral contributions to the plan in accordance with DOL regulations constitutes a prohibited transaction. Paragraphs .22–.24 of AU-C section 703 address the auditor's responsibilities relating to prohibited transactions. See section 'Consideration of Laws and Regulations and Prohibited Transactions' in chapters 2, 12, and 13 of this guide for further discussion. Plan management may need to consult with their ERISA legal counsel to determine if certain deposits are late and are prohibited transactions. Additional information on remittance rules can be found in paragraph A.15 of appendix A of this guide.</li> </ul>	
	<b>Rollover Contributions</b>	
5.249	Examples of assertions that the auditor may determine to be relevant assertions because they have an identified risk of material misstatement, and examples of sources of potential misstatement at the assertion level for rollover contributions are the same as those for contributions in paragraphs 5.237 –.238.	
5.248	<p>The following are examples of audit procedures for auditing rollover contributions:</p> <ul style="list-style-type: none"> <li><i>a.</i> Reviewing the plan document to determine that the rollover is allowed by the plan's provisions and properly classified</li> <li><i>b.</i> Obtaining a schedule of rollovers, and agreeing to the plan's financial statements</li> <li><i>c.</i> Testing that the participant's investment elections have been complied with, if applicable</li> <li><i>d.</i> Reviewing participant recordkeeping account to determine that the rollover amount and source is properly reflected (for example, pretax, after tax, or Roth)</li> </ul>	Relevant Controls for this Section: Controls 3.5 – 3.12, 4.1 – 4.2, 4.16 – 4.18, 4.26, 4.29, 4.32
	<b>Participant Benefits, Distributions and Withdrawals</b>	
5.260	<p>The following are examples of assertions that the auditor may determine to be relevant assertions because they have an identified risk of misstatement. The examples related to participant benefit distributions and withdrawals include whether:</p> <ul style="list-style-type: none"> <li><i>a.</i> The payments are in accordance with the plan provisions and related documents for benefit payments, hardship withdrawals, in-service withdrawals, and qualified domestic relation orders (QDROs).</li> <li><i>b.</i> The payments are made to or on behalf of persons entitled to them and only to such persons (that is, that payments are not being made to deceased beneficiaries or persons other than eligible participants and beneficiaries).</li> <li><i>c.</i> Transactions are recorded in the proper account, amount, and period.</li> <li><i>d.</i> The payments are presented and disclosed in accordance with the applicable financial reporting framework.</li> </ul>	Relevant Controls for this Section: Controls 4.1, 4.2, 4.12 – 4.18, 4.26, 4.29, 4.32
5.262	The following are examples of audit procedures for auditing participant benefit distributions and withdrawal payments:	Relevant Controls for this Section:

Par.	Audit Guide	Controls within the SOC 1 Report
	<p>a. Obtaining a schedule of all participants receiving benefit distributions or withdrawals for the current plan year and performing the following on a sample of participants receiving distributions or withdrawals</p> <ul style="list-style-type: none"> <li>i. Determining that the distribution or withdrawal was authorized, whether through the participant's withdrawal election form or a plan-initiated distribution event (for example, required minimum distributions).</li> <li>ii. Examining the type and amount of payment and propriety of required approvals. For example, certain distributions require approval by the plan administrator or others, including distributions requiring spousal consent, QDRO distributions, hardship withdrawals, death distributions, disability distributions, and any distributions related to mandatory cash out provisions.</li> <li>iii. Determining the participant's or beneficiary's eligibility (that is, whether the payee meets the plan's eligibility requirements and is fully vested) by examining evidence of age and employment history data, comparing employment dates, credited service, earnings, and examining the benefit election form and beneficiary designation to determine appropriateness of payment, including the form of distribution (for example, lump sum, installments, or annuity contract), and spousal consent, if applicable, based on the terms of the plan document. If distribution is made by purchasing an annuity contract, see the discussion of annuity contracts in paragraph 7.33 and paragraph 11.56 of this guide.</li> <li>iv. For plan benefits, such as death and disability benefits, examining a copy of the death certificate and beneficiary form, physician's statement, and other appropriate documents.</li> <li>v. Recomputing benefit payments based on the plan provisions and related documents, option elected, age, and pertinent service history.</li> <li>vi. Recomputing forfeited participant balances based on the vesting provisions of the plan and pertinent service history.</li> <li>vii. Determining that future participant contributions and company match, if applicable, are suspended after a hardship withdrawal is granted for the specific period of time.</li> <li>viii. Comparing the benefit payment amount to cash disbursement records or trustee reports.</li> <li>ix. For benefit payments received directly by participants, test receipt of the benefit payment. This can be accomplished by a number of methods, such as confirming payment of benefits by corresponding directly with selected participants or beneficiaries, comparing canceled checks with the plan's cash disbursement records (including review of the endorsement), and comparing the payee name or account name on electronic funds transfers to the participant or beneficiary name. In addition, the auditor may want to consider inquiring about the existence and frequency of participant complaints.</li> </ul> <p>b. Determining the continued eligibility of participants or beneficiaries to receive benefits, that individuals are removed from the benefit rolls upon death and that payments made to individuals over an unusually long number of years are still appropriate.</p> <p>c. Obtaining and testing the reconciliation of total benefits paid per the disbursement register to the trustee reports and financial statements.</p> <p>d. Investigating long-outstanding benefit checks. Long-outstanding checks may be indicative of duplicate payments or deceased or missing participants.</p> <p>e. Comparing disbursements to participants with individual participant's account records that have been examined in accordance with the auditing procedures in paragraph 5.214 (participant data records).</p> <p>f. Reviewing the criteria used by the plan to record benefit payments and determine that the benefit payments have been recorded in accordance with the applicable financial reporting</p>	<p>Controls 4.1, 4.2, 4.12 – 4.18, 4.26, 4.29, 4.32</p>

Par.	Audit Guide	Controls within the SOC 1 Report
	<p>framework. See paragraph 5.75 for guidance in reporting benefit payments on the statement of net assets available for benefits.</p> <p>g. In some circumstances, benefit disbursements are made by a third party, such as a bank, an insurance company, or other service provider. In these circumstances, it is important for the auditor to obtain an understanding of the internal control procedures for the third party. This can be satisfied either through obtaining and evaluating a type 2 SOC 1 report or through applying appropriate auditing procedures to the service provider. These procedures are performed regardless of whether management has elected to have an ERISA Section 103(a)(3)(C) audit described in paragraph 2.23 of this guide. Although a type 2 SOC 1 report may be used to reduce substantive procedures, neither a type 1 nor type 2 SOC 1 report is designed to provide a basis for assessing control risk sufficiently low to eliminate the need for performing any substantive tests.</p> <p>h. For plans that allow distributions to be rolled over to another qualified plan or an IRA, review the plan document to determine that the rollover was made in accordance with plan provisions and that the rollover account is in the name of the participant or beneficiary.</p>	
	<b>Participant Accounts and Allocations</b>	
5.211	<p><b>Examples of Assertions That May Be Relevant Assertions</b></p> <p>The following are examples of assertions that the auditor may determine to be relevant assertions because they have an identified risk of misstatement. The examples related to participant accounts and allocations and include:</p> <p>a. The accuracy of the allocation of net assets to the individual participant accounts in accordance with the plan document.</p> <p>b. The completeness and valuation of participant accounts (including the forfeiture account), in total.</p> <p>c. The authorization of participant transactions and the accuracy that such transactions have been executed at the proper amount, in the proper period, and in accordance with the plan document and participant’s direction. Such transactions include both participant directed and self-directed accounts (See paragraph 5.28 for additional information on self-directed brokerage accounts).</p>	<p>Relevant Controls for this Section: Controls 4.12 – 4.15, 4.17, 6.6, 7.2, 7.3</p>
5.213	<p>As part of the auditor’s risk assessment, the auditor should obtain an understanding of the nature of the plan. In addition to the required procedures to obtain and read the plan instrument (see paragraph 5.207), the auditor may also want to hold discussions with plan management, and for multiemployer plans, review the collective bargaining agreements, if applicable. The following are examples of audit procedures relating to individual participant accounts and allocations at the individual account level (in addition to the plan level) for audits of ERISA plans:</p> <p>a. Testing the allocation of income or loss (interest income, dividend income, and appreciation or depreciation in the fair value of investments); administrative expenses; and amounts forfeited for a sample of participants. The testing of internal controls over these areas may be addressed in the type 2 SOC 1 report of the recordkeeper. To reduce the amount of substantive testing, the auditor may consider using a type 2 SOC 1 report, if available (provided the type 2 SOC 1 report covers the relevant processes and controls), as follows:</p> <p>i. Testing the allocation of investment income can be challenging. Because most participant-directed plans are valued on a daily basis, and systems are fully automated, the need to test the daily change in the value of investments may not be necessary when controls are sufficiently tested and documented in a type 2 SOC 1 report of the recordkeeper. When an adequate type 2 SOC 1 report is available, participant statements can be reviewed analytically (scanning analytic) to determine that a reasonable allocation of the daily change in the value of investments was made. If such evidence is not available, then the auditor may need to perform substantive tests of the allocation to individual participant accounts. Because dividend and interest income is not allocated on a daily basis, such allocations may need to be tested.</p>	<p>Relevant Controls for this Section: Controls 4.12 – 4.15, 4.17, 6.6, 7.2, 7.3</p>

Par.	Audit Guide	Controls within the SOC 1 Report
	<ul style="list-style-type: none"> <li>ii. Procedures could include testing the allocation of plan investment earnings to selected participant accounts in comparison with the return at the plan level for the same investment type.</li> <li>b. Based on the assessed level of control risk for completeness and accuracy relating to the transactions processed by the recordkeeper and what is covered by the type 2 SOC 1 report, the auditor may consider selecting some participant accounts to test the validity and proper documentation of transactions (for example, name and address changes, unit transfers to and from individual participant accounts, and transactions that are not routine).</li> <li>c. Testing the allocation of the employer’s contribution and transfers by participants between investment options.</li> <li>d. For plans with participant contributions, determining whether individual contributions are being credited to the proper participant accounts and investment choices selected by the participant, if applicable.</li> <li>e. Comparing the initiated trade to the detailed recordkeeping activity. When participants make contribution or investment elections by telephone or electronic means (such as the internet or intranet), consider confirming contribution deferral percentages and source (pretax or post-tax) and investment elections directly with the participant or, if applicable, compare with a transaction report that has been tested and documented in a type 2 SOC 1 report. Determining that contributions are properly classified and invested according to the participant’s investment election. (The testing of internal controls over this area may be addressed in the type 2 SOC 1 report of the recordkeeper for the plan’s contributions.)</li> <li>f. Determining whether the sum of individual participant accounts, including forfeiture balances, reconciles with the total net assets available for benefits held in the trust.</li> <li>g. Inquiring of plan management about the complaint process and, if applicable, reviewing complaint information provided by the service providers.</li> <li>h. For self-directed brokerage accounts (also see procedures in paragraph 5.224): <ul style="list-style-type: none"> <li>i. Inspecting the enrollment form maintained by the plan sponsor, recordkeeper, or brokerage firm and determining that the participant has authorized contributions to the self-directed brokerage account.</li> <li>ii. Agreeing the participant’s balance in their brokerage account to the balance in their recordkeeping account for the portion of their account balance that the plan recordkeeper indicates is held in the self-directed brokerage account.</li> <li>iii. Determining that the investments in the participant’s self-directed brokerage account are based on the participant’s election, including that purchases and sales were authorized by the participant.</li> <li>iv. Determining that the allocation of investment income and expenses or fees has been appropriately recorded.</li> </ul> </li> </ul>	
	<b>Plan Transfers (Plan Mergers, Spin-offs, and Other Transfers)</b>	
5.269	<p><b>Examples of Assertions That May Be Relevant Assertions</b></p> <p>The following are examples of assertions that the auditor may determine to be relevant assertions because they have an identified risk of misstatement. The examples relate to plan transfers include whether:</p> <ul style="list-style-type: none"> <li>a. Plan transfers are recorded in accordance with plan provisions and other legal documentation and in the proper period.</li> <li>b. Assets, liabilities, and total accumulated benefits of individual participant accounts transferred between plans are complete and accurate.</li> <li>c. Plan transfers are fairly presented in the financial statements and properly disclosed.</li> <li>d. Amounts owed to and from plans are properly calculated and recorded in the proper period.</li> </ul>	Relevant Controls for this Section: Controls 1.2, 2.1 – 2.7, 3.17
5.271	<p>The following are examples of audit procedures for testing plan transfers:</p> <ul style="list-style-type: none"> <li>a. Determining whether management used the proper effective date based on specific terms and conditions for the plan transfer by reviewing the supporting documentation provided by the plan sponsor (for example, plan documents and amendments, memos, minutes of</li> </ul>	Relevant Controls for this Section: Controls 1.2, 2.1 – 2.7, 3.17

Par.	Audit Guide	Controls within the SOC 1 Report
	<p>trustee and board meetings, and correspondence with regulators, participants, and service providers).</p> <p>b. Evaluating (by review of supporting documentation and discussion with plan management) whether there was proper authorization for the transfer.</p> <p>c. Obtaining and testing the reconciliation of</p> <ul style="list-style-type: none"> <li>i. Nets assets per the trustee(s) or custodian(s) of each plan to the total participant balances per the recordkeeper(s) of each plan immediately prior and subsequent to the plan transfer.</li> <li>ii. Net assets transferred between the trustee(s) or custodian(s) of each plan.</li> <li>iii. Individual participant accounts (including the total of the participant accounts) transferred between the recordkeeper of each plan.</li> </ul> <p>d. Comparing selected individual participant accounts that transferred into the successor plan from the prior plan to determine that investments, participant loans, and relevant participant data, such as salary deferral percentages and investment elections, were transferred and set up properly, including the source of such amounts (pretax, after-tax, Roth).</p> <p>e. If participants had to meet certain criteria to be transferred (for example, only participants of a specific division were transferred as a result of a spin-off), testing whether the participants met such criteria.</p> <p>f. Testing the completeness and accuracy of the accumulated benefits in the individual participant accounts and recurring benefit payments (if applicable) that transferred to the successor plan.</p> <p>g. Determining that the amounts have been presented and disclosed in the financial statements in accordance with the applicable financial reporting framework.</p> <p>h. Comparing the Form 5500 and audited financial statements (as applicable) for the prior plan to the amounts recorded in the successor plan's financial statements.</p>	

## APPENDIX C COMMON QUESTIONS TO AUDIT QUESTIONNAIRES

Below are responses to frequently asked questions received through auditor questionnaires and confirmation letters. The responses assist auditors on how to use this Guide or reports to determine if such questions are applicable to a plan being audited. **In lieu of sending a letter or request, please refer to the below information and follow the guidance indicated.**

	General Operations Questions	
Q-1	<b>Provide the Asset Statement as of the end of the plan year.</b>	See Summary of Net Trust Assets in Plan Financials of the Plan Year End Summary Reports page in PSW®.
Q-2	<b>Provide a Cash Transaction Statement or Income Statement for the plan year.</b>	See the Summary of Plan Operations & Trial Balance reports in Plan Financials tab of the Plan Year End Summary Reports page of PSW®.
Q-3	<b>Were you requested to make or are you aware of anyone making or being requested to make any unusual or unsupported journal entries during the plan year end related to the plan?</b>	See section 2.10 of this Auditor's Guide on Journal Entries.

Q-4	<b>Are you aware of any fraud or suspicious activity related to the Plan during or after year-end?</b>	Questions related to fraud should be addressed by a plan's service team. A <i>General Service Request</i> , should be opened in PSW to submit the question. See Section 1.7 of this Auditors Guide on how to open a PSW® Service Request.
Q-5	<b>Are you aware of any prohibited transactions that have occurred during the Plan year or after the Plan year-end?</b>	There are different ways that plan sponsors can be made aware of non-exempt transactions with parties-in-interest, and more commonly we have seen where they are determined through the annual plan audit. Confirmation of these transactions should be reviewed with the Plan Sponsor.
Q-6	<b>Are the trust and recordkeeping statements prepared on the cash or accrual basis?</b>	Cash - see Section 6.1.7 of this Auditor's Guide for additional accounting information specific to the year-end reporting.
Q-7	<b>Does the Plan have any expense rebate accounts (or similar accounts or credits) from which the Plan can use to offset plan expenses?</b>	<p>Please see Service Agreement. If a plan has this arrangement, revenue credits are posted to the plan as a negative fee. Depending on which revenue credit program the plan sponsor has, will determine if the negative fee is posted to the participants' accounts or a suspense account (J-guy Suspense account, 999-99-999J). See Balance Info Summary Extract report for balance as of the end of the reporting period. See Fee Detail Report in the Plan Financials tab on the Plan Year End Summary Reports page in PSW. Sort by transaction type code 679 for revenue credit transactions.</p> <p>See Section 8.2.1 and 8.2.2 of this Auditor's Guide on how credits are handled under each program.</p>
Q-8	<b>Please confirm the amount of forfeitures of the plan at year end.</b>	See Balance Info Summary Extract Report on the Plan Financials tab for the balance at end of reporting period for the forfeiture account (999-99-9999F)
Q-9	<b>Are there procedures for investigating long-outstanding checks?</b>	See Section 2.11 of this Auditor's Guide on Outstanding Check Process
Q-10	<b>Please state whether investment transactions are recorded on the settlement date, trade date, or other basis. If transactions are recorded on a basis other than trade date, please provide a listing of unsettled transactions as of December 31, 20XX.</b>	Trade Date - See Section 7.3.7 on unsettled trades within unitized investments, and section 7.5.2 on unsettled transaction in SDB accounts.
Q-11	<b>Were there any benefit payment requests made before year end that were not processed as of year-end?</b>	See Section 6.1.25 of this Fidelity Auditors Guide

Q-12	<b>Please describe the procedures in monitoring inactive participant accounts and the timely mandatory cash outs/distributions.</b>	Check Plan's Service Agreement for automatic distribution service.
Q-13	<b>Provide a copy of Fidelity's pricing policy.</b>	See <i>Valuation and Investment Income</i> narratives, in the FWS recordkeeping SOC 1 report. For plans with fund codes that begin with a G or T, please see the FFIO SOC 1 report, that includes narratives on Security Valuation and NAV calculations. The FFIO report can be found on the Plan Financials tab of the Plan Year End Summary page in PSW® if applicable to the plan.
Q-14	<b>A copy of all relevant and most recent service auditor report(s) (SSAE 18) study of the internal control structure policies and procedures of Fidelity (including those covering general information technology controls) performed by your independent auditors.</b>	See section 3.0 of this Auditor's Guide for information on how to retrieve SOC 1 reports.
Q-15	<b>Provide a list of administrative expenses paid by the Plan.</b>	See the Fee Detail Report and Schedule C Supplemental Report found on the Plan Financials tab of the Plan Year End Summary page in PSW®.
Q-16	<b>Provide a participant valuation summary for the plan year. (An annual participant statement summary rolling forward beginning-of-year balance to end-of-year balance by individual participant and in summary)</b>	See Balance Info Summary Extract Report on the Plan Financials tab of the Plan Year End Summary page in PSW®.
Q-17	<b>Provide a purchase and sales report.</b>	Refer to the Audit Plan Level Activity Report. Generally, positive transactions are purchases and negative transactions are sales (excluding Realized G/L transactions). See Section 1.11 of this guide for instructions to generate this report.
Q-18	<b>A detailed schedule of interest income and dividends by security for the plan year.</b>	Refer to the Audit Plan Level Activity Report. See Section 1.11 of this guide for instructions to generate this report.
Q-19	<b>Provide Enrollment and Opt-out forms</b>	Most plans complete enrollment digitally via the Auto Enrollment service. For these plans the enrollment information is captured on the Auto Enrollment Report in PSW®. See Section 1.11 of this guide for instructions on how to generate this report and Section 2.12 on Auto Enrollment Report - Opt-Out Information.

Q-20	<b>Did the plan perform and pass all required year end compliance testing?</b>	If Fidelity performs the compliance testing, this information is available on PSW® under Nondiscrimination Testing. Please confirm with the plan sponsor.
Q-21	<b>Were there any obligations in default at plan year end?</b>	None. See the Representation Letter on the Plan Financials tab the Plan Year End Summary Reports page of PSW.
Q-22	<b>Were there any contributions in excess of IRS limitations?</b>	If Fidelity performs the compliance testing, this information is available on PSW® under Nondiscrimination Testing. Please confirm with the Plan Sponsor. See Section 1.11 of this guide for instructions on how to run the Audit Return of Excess Report.
Q-23	<b>Provide a schedule of remittances to the plan, including both contributions and loan repayments.</b>	Refer to the Audit Wire Recon Report. See Section 1.11 of this guide for instructions on how to generate this report.
Q-24	<b>List of loans granted during the plan year and loans outstanding at plan year end.</b>	See the Annual Loan Balance and Loan Withdrawals reports on the Plan Financials tab of the Plan Year End Summary page in PSW®.
Q-25	<b>Provide Fidelity invoices.</b>	See Section 2.6 of this guide.
Q-26	<b>Provide the 'fidelity' bond.</b>	A fidelity bond is issued by an insurance broker and has no connection to Fidelity Investments. Fidelity does carry its own liability insurance, which can be provided upon request. However, evidence for the plan's coverage must come from the plan sponsor's own insurance provider.
	<b>Investments</b>	
Q-27	<b>If any of the Plan's investments are reported at NAV as a practical expedient, please provide a copy of the most recent annual report (with audited financial statements) of each fund directly to our independent auditors.</b>	See section 7.2 of this Fidelity Auditor's Guide to determine if investments have a readily determinable market value. Fidelity annual reports can be found on the General Audit Documents tab of the Plan Year End Summary page. Fidelity does not receive or collect annual reports for outside collective investment trusts. These should be requested from the fund manager.
Q-28	<b>Provide a list of guaranteed investment contracts (traditional and synthetic) indicating whether they are benefit responsive.</b>	See Fund Overview on PSW under <i>Administer Plans, Plan Investments, Plan Performance</i> , click on investment and review Fund Overview. Description should indicate benefit responsive features.
Q-29	<b>Has there been any existing or potential commitments and contingencies, including those related to any regulator inquiry/investigation/correspondence?</b>	To be confirmed with the Plan Sponsor
Q-30	<b>Is the plan involved in securities lending?</b>	For separate accounts (T funds on Trial Balance) - this should be confirmed with the fund manager. Mutual funds

		and Collective Investment Trusts will include lending practices in annual reports.
Q-31	<b>Does the Plan invest in derivatives?</b>	<p>Mutual funds and collective investment trusts may hold derivatives; the annual reports for these funds would indicate if these exist.</p> <p>If the plan has a separate account investment (T fund on Trial Balance), review the 5500 Worksheet for “Other” investments. If there are “other” investments, the GCR and holdings reports for the separate account should be reviewed to determine if the “other” amount includes derivative types of securities.</p>
Q-32	<b>Are participant loans covered under the FMTC Certification that has been provided?</b>	Yes, participant loans reported on the Trial Balance and Summary of Plan Operations are covered by the certification. See Section 1.16 for more information on the FMTC certification.
Q-33	<b>Does the FMTC certification letter certify to the completeness and accuracy of the investment information for the Self-Directed Brokerage (Brokeragelink) accounts?</b>	Yes, the FMTC certification letter does certify the self-directed brokerage accounts. National Financial Services LLC (NFS) is a subsidiary of FMR LLC. NFS fulfills various responsibilities on behalf of FMTC and maintains recordkeeping records for self-directed brokerage accounts. NFS also provides trade execution, clearing, settlement and custody operations. See Section 1.16 for more information on the FMTC certification.
Q-34	<b>Are gains and losses on investments calculated on a moving average, specific information, or other basis?</b>	The Trial Balance uses an average cost basis for shares in the calculation of realized gains/losses. Revalued cost is used for the gains and losses on the Summary of Plan Operations. See Section 6.0 for more information on Plan Accounting.
Q-35	<b>Were there any liens or pledges against plan assets, including securities lending arrangements, at year end?</b>	See Representation Letter in Plan Financials tab of the Plan Year End Summary Reports page of PSW®.
Q-36	<b>Have there been any changes to investment valuation methodologies from the prior year or transfers between Level 2 and Level 3 investments?</b>	As recordkeeper we do not track changes in leveling. See Section 9 of this Auditor’s Guide for ASC 820 information.
Q-37	<b>Please indicate if any investment information, including the Asset Statement and Cash Transaction Statement, is not covered by the certification provided.</b>	See Section 6.1.28 of this Auditor's Guide.
Q-38	<b>Does the FMTC Certification meet ERISA Requirements?</b>	Refer to Section 1.16 of this Auditor’s Guide

Q-39	<b>Are there cryptocurrencies or digital assets in the plan being audited?</b>	Check the year-end Trial Balance that is part of the Plan Year-End Summary. If a plan’s core line up of investments includes a unitized digital asset that holds a cryptocurrency (bitcoin), you will see the fund on the year-end Trial Balance. The four-digit fund code will begin with ‘J’, and the fund name may include ‘digital asset’ or ‘Bitcoin’.
Q-40	<b>For each investment valued at NAV, does the investment file a 5500 as a direct filing entity (DFE). If some do and some do not, please provide listing.</b>	<p>Fidelity commingled pools do file a Form 5500 as a DFE. See DFE certification on PSW® under Administer Plans &gt; Plan Year End Summary Reports &gt; General Audit Documents. Next click “Fidelity Collective Investment Trusts (CITs) Annual Reports”.</p> <p>For non-Fidelity funds, confirm with the outside fund manager.</p>

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