

# Glossary

**103-12 IE:** 103-12 investment entity. “103-12” refers to the suffix of the ERISA regulation section [2520.103-12] which describes the limited exemption and alternative method of compliance for annual reporting of investments held in certain entities.

**Accountant’s Opinion:** A statement by an **independent qualified public accountant (IQPA)** that an employee benefit plan’s financial statements are presented fairly and are in compliance with generally accepted accounting principles (GAAP). An opinion may be unqualified, qualified, adverse, or disclaimed.

**Accrual Method of Accounting:** Accounts for revenues and expenses in the period the transaction occurs rather than when income or expense was actually received or paid.

**Actuary:** A person who mathematically analyzes and prices the risks associated with providing insurance coverage or who calculates the costs of providing future benefits.

**AD&D:** Accidental death and dismemberment (welfare).

**Administrative Services Only (ASO) Agreement:** This type of agreement is entered into with a third-party administrator to provide claims processing for a self-funded plan; no insurance protection is provided and the plan retains the full obligation for plan benefits.

**Administrator (or Plan Administrator):** The person designated by an employee benefit plan to be responsible for the operation of the plan. When the plan is silent as to that designation, ERISA provides that the plan sponsor is the “plan administrator” under ERISA.

**Advisory Opinion:** Requests for interpretations and other rulings under Title 1 of ERISA are directed to the DOL’s Office of Regulations and Interpretations (ORI) under the provisions established by ERISA Procedure 76-1. The Office responds to inquiries from individuals and organizations in the form of advisory opinions, which apply the law to a specific set of facts.

**AICPA:** American Institute of Certified Public Accountants.

**Allocated Contract:** For ERISA reporting purposes, a contract in which an insurance entity unconditionally undertakes a legal obligation to provide specified pension benefits to named individuals in return for a fixed consideration or premium.

**Amended Return:** An information return submitted by the filer to correct an information return that was previously submitted to a governmental agency and processed but that contained erroneous or incomplete information.

**Ann.:** Announcement (IRS).

**Annual Funding Notice:** A notice required under the **Pension Protection Act of 2006 (PPA 2006)** to be distributed to participants and beneficiaries of certain defined benefit plans in lieu of the **summary annual report (SAR)**.

**Annual Return/Report:** Generally used with reference to the Form 5500 series reports, which, technically, are not income or excise tax returns. The filing reports information concerning employee benefit plans and direct filing entities (DFEs). Any administrator or sponsor of an employee benefit plan that is subject to ERISA must file information about each plan every year.

**Annuity Contract:** An insurance contract that is irrevocable and involves the transfer of significant risk from the employee benefit plan to the insurance entity. Annuity contracts meeting these criteria are **allocated contracts**. Group annuity contracts that do not guarantee retirement benefits are **unallocated contracts** for ERISA reporting purposes.

**ASC:** Accounting Standards Codification.

**ASO Agreement:** See **Administrative Services Only Agreement**.

**Blues:** Blue Cross/Blue Shield (welfare).

**CAF:** Centralized Authorization File.

**Cafeteria Plan (or Code Section 125 Plan):** A plan that allows employees to choose between taxable and nontaxable benefits; also known as a Section 125 or flexible benefits plan. Typical nontaxable benefits would include health insurance, group term life, and dental benefits. Taxable benefits would always include the option to choose cash, although a taxable benefit such as auto or homeowner's insurance could be offered. A 401(k), but not a 403(b), plan may be offered as an option under a cafeteria plan.

**Cash Basis of Accounting:** Accounts for income and expenses at the time cash is actually received or paid, regardless of when the income was earned or the expense was incurred.

**C.B.:** Cumulative Bulletin.

**CBA:** Collective Bargaining Agreement.

**CCT:** See **Common or Collective Trust**.

**C.F.R.:** Code of Federal Regulations.

**COBRA:** See **Consolidated Omnibus Budget Reconciliation Act of 1985, as amended**.

**Code:** The Internal Revenue Code of 1986, as amended.

**Code Section 125 Plan:** See **Cafeteria Plan**.

**Collectively-Bargained Plans:** Benefit plans that are established and maintained pursuant to a collective bargaining agreement. If more than one employer is required to contribute to the plan, the plan is usually treated as a **multiemployer plan**.

**Common or Collective Trust (CCT):** A trust for the collective investment and reinvestment of assets contributed from employee benefit plans maintained by more than one employer or a controlled

## GLOSSARY

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group of corporations that is maintained by a bank, trust entity, or similar institution that is regulated, supervised, and subject to periodic examination by a state or federal agency.

**Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (COBRA):** Requires continuation of benefits provided by health and welfare plans on a self-pay basis and for a temporary period of time upon termination of employment or a reduction in working hours.

**Contract Administrator:** Any individual, partnership, or corporation responsible for managing clerical operations of a plan on a contractual basis.

**Delinquent Filer Voluntary Compliance Program (DFVCP):** Encourages voluntary compliance with ERISA annual reporting requirements and gives delinquent plan administrators a way to avoid higher civil penalty assessments by satisfying the program's requirements and voluntarily paying a reduced penalty.

**Department of Labor (DOL):** An Agency of the U.S. government responsible for administering a variety of federal labor laws including those that guarantee workers' rights to safe and healthful working conditions; a minimum hourly wage and overtime pay; freedom from employment discrimination; unemployment insurance; and other income support.

**DFE:** Direct Filing Entity.

**DFVCP:** See **Delinquent Filer Voluntary Compliance Program**.

**Direct Compensation:** Compensation paid directly from the plan.

**Disqualified Person:** The Internal Revenue Code term for an individual who is prohibited from engaging in certain transactions with the plan. (See **Party in Interest**.)

**DMO:** Dental Maintenance Organization.

**DOL:** See **Department of Labor**.

**Domestic Relations Order (DRO):** A judgment, decree, or order (including the approval of a property settlement) that is made pursuant to state domestic relations law (including community property law) and that relates to the provision of child support, alimony payments, or marital property rights for the benefit of a spouse, former spouse, child, or other dependent of a participant.

**DRO:** See **Domestic Relations Order**.

**EAP:** Employee Assistance Program.

**EBSA:** See **Employee Benefits Security Administration**.

**EDGAR:** Electronic Data Gathering, Analysis, and Retrieval System.

**Edit Check:** Specific test that compares data entry against electronic system requirements or other benchmarks and examines series of entries for logical progression.

**EFAST2:** See **ERISA Filing Acceptance System 2**.

**EGTRRA:** Economic Growth and Tax Relief Reconciliation Act of 2001.

**EIN:** See **Employer Identification Number**.

**Electronic Filing:** Submission of information returns electronically via the Internet.

**Eligible Plan Assets:** Plan investments that have a readily determinable fair market value for purposes of the annual reporting requirement, are not employer securities, and are held or issued by a bank or similar financial institution, an insurance company, etc. Examples include mutual funds, certain investment contracts with insurance companies, and cash or equivalents held by a bank. Participant loans generally are eligible plan assets.

**Employee Benefits Security Administration (EBSA):** An agency of the DOL responsible for administering and enforcing the fiduciary, reporting and disclosure provisions of Title I of the Employee Retirement Income Security Act of 1974 (ERISA).

**Employer Identification Number (EIN):** A nine-digit number assigned by the IRS for federal tax reporting purposes.

**Employer Stock (or Employer Securities):** Refers to shares of stock, bonds, or debentures issued by a corporation with interest coupons or in registered form. The corporation must be the plan sponsor (employer that adopts the qualified plan), in order for the security to be treated as "employer stocks" for qualified plan purposes.

**Enrolled Actuary:** A certified actuary who has demonstrated sufficient knowledge of retirement plans and has met a three-year experience requirement as well as continuing education requirements.

**ERISA:** Employee Retirement Income Security Act of 1974, as amended.

**ERISA Filing Acceptance System 2 (EFAST2):** An all-electronic system designed by the DOL, IRS, and PBGC to simplify and expedite the submission, receipt, and processing of the Form 5500 and Form 5500-SF. These forms must be electronically filed each year by employee benefit plans to satisfy annual reporting requirements under the Employee Retirement Income Security Act (ERISA) and the Internal Revenue Code.

**ESOP:** Employee Stock Ownership Plan.

**ETF:** Exchange Traded Funds.

**Excise Tax:** A penalty tax applied to ineligible transactions in retirement accounts. This penalty is assessed by and paid to the IRS.

**FAB:** See **Field Assistance Bulletin**.

**Fair Market Value:** See **Fair Value**.

**Fair Value (Fair Market Value):** The Form 5500 instructions define fair value as a value that is determined in good faith under the terms of the plan by a trustee or named fiduciary, assuming an orderly liquidation at the time of determination. Under Generally Accepted Accounting Principles (GAAP), fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at a specific measurement date.

**FASB:** Financial Accounting Standards Board.

**GL-4**

## GLOSSARY

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**Federal Register:** The official daily publication for rules, proposed rules, and notices of federal agencies and organizations, as well as executive orders and other presidential documents.

**Fidelity Bond:** A form of insurance protection that covers policyholders for losses incurred as a result of fraudulent acts by specified individuals. It usually insures a business or trust for losses caused by the dishonest acts of its employees.

**Fiduciary:** In general, under ERISA, any person who exercises discretionary authority or control over a plan or plan assets or renders investment advice for a fee or other compensation. ERISA plan fiduciaries must comply with the rules of conduct set forth in ERISA.

**Field Assistance Bulletin (FAB):** The EBSA developed the FAB as a means of communication to update the field enforcement staff as well as the regulated community about technical issues to ensure the law is consistently applied.

**Filer:** Person (may be plan administrator, plan sponsor and/or transmitter) submitting information returns to the IRS or DOL.

**Filing Information Returns Electronically System (FIRE):** System for financial institutions and others to file Information Return Forms 1042-S, 1097, 1098, 1099, 3921, 3922, 5498, 8027, 8935, 8955-SSA or W-2G.

**FIRE:** See **Filing Information Returns Electronically System**.

**FNMA:** Federal National Mortgage Association.

**Form 5500 Series:** A joint-agency form developed by the IRS, DOL, and PBGC, which may be used to satisfy the annual reporting requirements of the Internal Revenue Code and Titles I and IV of ERISA. The IRS views the series to include Form 5500 and its Schedules, Form 5500-SF, Form 5500-EZ, as well as Form 5558, and Form 8955-SSA.

**Frozen Plan:** A qualified plan that holds benefits for future distribution but does not permit current benefit accruals or allocations. Also known as a wasting trust, the plan generally remains in existence as long as necessary to pay already-accrued benefits.

**GAAP:** Generally Accepted Accounting Principles.

**GIA:** Group Insurance Arrangement.

**GIC:** Guaranteed Investment Contract; also a Guaranteed Interest Contract.

**GNMA:** Government National Mortgage Association.

**Health Maintenance Organization (HMO):** Legal entity consisting of participating medical providers that provide or arrange for care to be furnished to a given population group for a fixed fee per person.

**HMO:** See **Health Maintenance Organization**.

**IBNR:** Incurred But Not Reported.

**IFILE:** See **Internet Filing**.

**Independent Qualified Public Accountant (IQPA):** A person who (a) holds a valid and unrevoked certificate, issued to such person by a legally constituted state authority, identifying such person as a certified public accountant; (b) is licensed to practice as a public accountant by an appropriate regulatory authority of a state or other political subdivision of the United States; (c) is in good standing as a certified and licensed public accountant under the laws of the state or other political subdivision of the United States in which is located the home office or corporate office of the institution that is to be audited; (d) is not suspended or otherwise barred from practice as an accountant or public accountant before the Securities and Exchange Commission (SEC) or any other appropriate federal or state regulatory authority; and (e) is independent of the institution that is to be audited. To ensure independence, auditors of employee benefit plans should not have any financial interests in the plan or the plan sponsor that would affect their ability to render an objective, unbiased opinion about the financial condition of the plan.

**Indirect Compensation:** Compensation received from sources other than directly from the plan, which may include fees paid from mutual funds, common/collective funds, pooled separate accounts, or other investment vehicles in which the plan invests that are charged against the fund and reflected in the net investment return of the fund.

**Information Return:** The vehicle for a plan administrator to submit required information concerning plans and/or recipients to the IRS. Also, an Information Return is a tax document required by Internal Revenue Code regulations that is used to report certain types of payments made by financial institutions and others who make payments as a part of their trade or business.

**Internal Revenue Service (IRS):** The agency of the Treasury Department responsible for administering, interpreting, and enforcing the Internal Revenue Code.

**Internet Filing (IFILE):** A free Internet-based filing tool designed for individual filers and service providers who choose to not use value-added EFAST2-approved third-party software to complete their Form 5500 filings.

**IPG:** Immediate Participation Guarantee.

**IQPA:** See **Independent Qualified Public Accountant**.

**IRA:** Individual Retirement Account; also an Individual Retirement Annuity.

**IRC:** Internal Revenue Code.

**IRS:** See **Internal Revenue Service**.

**JBEA:** Joint Board for the Enrollment of Actuaries.

**Labor Management Relations Act of 1947 (LMRA):** Also known as the Taft-Hartley Act, was enacted to stipulate the rights of both employees and employers in their labor relations.

**Large Plan:** A plan that covered 100 or more participants as of the first day of the plan year.

**Large Plan Filer:** The administrator of a plan that covered 100 or more participants as of the beginning of the plan year.

**GL-6**



## GLOSSARY

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**Late Filing (or Late Return):** Submitting information or tax returns after the due date for filing the return with a governmental agency has passed.

**Late Return:** See **Late Filing**.

**LM Numbers:** Labor-Management file numbers.

**LMRA:** See **Labor Management Relations Act of 1947**.

**LTD:** Long-Term Disability (welfare).

**MAP-21:** See **Moving Ahead for Progress in the 21st Century Act**.

**Master Trust:** A trust for which a regulated financial institution serves as trustee or custodian and which holds assets of more than one plan sponsored by a single employer or by a group of employers under common control.

**MEP:** See **Multiple-Employer Plan**.

**MEWA:** See **Multiple-Employer Welfare Arrangement**.

**Moving Ahead for Progress in the 21st Century Act:** Also referred to as MAP-21, this legislation contains pension funding stabilization rules affecting defined benefit plans under its Subtitle B.

**MTIA:** Master Trust Investment Account.

**Multiemployer Plan:** An employee benefit plan established or maintained for employees of two or more employers pursuant to the terms of a collective bargaining agreement.

**Multiple-Employer Plan (MEP):** A plan sponsored by a group of employers that do not have sufficient common ownership to be considered a controlled group or affiliated service group. This type of plan is not subject to a collective bargaining agreement as is the case with a multiemployer plan.

**Multiple-Employer Welfare Arrangement (MEWA):** ERISA terminology for an employee welfare benefit plan or other arrangement designed to provide benefits to employees of two or more employers, as defined in ERISA Section 3(40).

**NAIC:** See **National Association of Insurance Commissioners**.

**NAICS:** See **North American Industry Classification System**.

**NASDAQ:** National Association of Securities Dealers Automated Quotations.

**National Association of Insurance Commissioners (NAIC):** An organization that assists state insurance departments.

**Nonmonetary Compensation:** The value of meals, free travel, gifts, tickets to sporting or other entertainment events, social events or parties, or other gratuities.

**North American Industry Classification System (NAICS):** The standard used by federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy.

**OCBOA:** Other Comprehensive Basis of Accounting.

**OCR:** Optical Character Recognition.

**One-Participant Plan:** For purposes of Form 5500 reporting, a retirement plan not subject to the annual ERISA Title I reporting requirements that only covers the owner, or the owner of a wholly-owned trade or business (whether or not incorporated) and his or her spouse, or partners, or partners and their spouses, of a business partnership. A plan is not a one-participant plan if the plan benefits anyone besides the owner (or owner and spouse) or partners (or partners and their spouses).

**ORI:** Office of Regulations and Interpretations (DOL).

**Participant:** An employee or beneficiary of such individual who may be entitled to benefits from a pension or welfare benefit plan.

**Party in Interest:** An ERISA term referring to certain parties who have a close relationship to the plan and, as a consequence, are prohibited from engaging in certain transactions with the plan in the absence of a statutory or an administrative exemption. (See **Disqualified Person**.)

**PBGC:** See **Pension Benefit Guaranty Corporation**.

**Pension Benefit Guaranty Corporation (PBGC):** A federal agency created by the Employee Retirement Income Security Act of 1974 (ERISA) to protect pension benefits in private-sector traditional pension plans known as defined benefit plans. The PBGC is financed through insurance premiums paid by companies whose plans are protected, from investments, from the assets of pension plans for which PBGC takes over as trustee, and from recoveries from the companies formerly responsible for the plans, but not from taxes.

**Pension Benefit Plan:** Any plan, fund, or program that is established or maintained by an employer or an employee organization, or by both, to the extent that by its express terms, or as a result of surrounding circumstances, provides retirement income to employees, or results in a deferral of income by employees for periods extending to the termination of employment or beyond.

**Pension Protection Act 2006 (PPA 2006):** Signed into law on August 17, 2006, it is the most sweeping pension legislation in over 30 years and includes a number of significant tax incentives to enhance and protect retirement savings for millions of Americans.

**PEO:** See **Professional Employer Organization**.

**PIN:** Personal Identification Number.

**Plan Administrator:** See **Administrator**.

**Plan Characteristic Codes (Plan Feature Codes):** Describes features of the written employee benefit plan.

**Plan Feature Codes:** See **Plan Characteristic Codes**.

**Plan Sponsor (or Sponsor):** Generally is one of the following (1) the employer (in case of a plan maintained by a single employer), (2) the employee organization (in case of a plan maintained by an employee organization), or (3) the association, committee, or joint board of trustees of the parties who

**GL-8**



## GLOSSARY

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maintain the plan (in the case of a plan maintained jointly by one or more employers and one or more employee organizations, or by two or more employers).

**PN:** Three-digit plan number.

**Pooled Separate Account:** An account maintained by an insurance carrier that is regulated, supervised, and subject to periodic examination by a state agency for the collective investment and reinvestment of assets contributed to such account from employee benefit plans maintained by more than one employer or controlled group of corporations.

**PPA 2006:** See **Pension Protection Act 2006**.

**Preparer Tax Identification Number (PTIN):** A number issued by the IRS to paid tax return preparers and, when applicable, must be placed in the Paid Preparer section of a tax return that such individual prepared for compensation.

**Professional Employer Organization (PEO):** An organization that provides plan sponsors with outsourcing opportunities such as human resources, employee benefits, and payroll.

**Prohibited Transaction:** A transaction between the plan and a party in interest (disqualified person) that is prohibited under Section 406(a) of ERISA.

**Prohibited Transaction Exemptions:** Statutory or administrative exemptions that permit certain transactions between plans and parties in interest to occur that would otherwise be prohibited.

**PSA:** See **Pooled Separate Account**.

**PTE:** See **Prohibited Transaction Exemption**.

**PTIN:** See **Preparer Tax Identification Number**.

**Public Disclosure Room:** Managed by the DOL, it maintains copies of all Form 5500 series reports, including attachments, ever submitted for any plan subject to ERISA reporting.

**QDIA:** See **Qualified Default Investment Alternative**.

**QDRO:** See **Qualified Domestic Relations Order**.

**QMAC:** Qualified Matching Contributions.

**QMCSO:** See **Qualified Medical Child Support Order**.

**QNEC:** Qualified Nonelective Contributions.

**Qualified Default Investment Alternative (QDIA):** The investment fund to which employee withholding is automatically deposited in a participant-directed individual account pension plan in the absence of investment directions from the participant. The participant will be deemed to have exercised control over assets in his or her account. A QDIA may be a life-cycle fund, target retirement date fund, balanced fund, or a professionally managed account.

**Qualified Domestic Relations Order (QDRO):** A domestic relations order that creates or recognizes the existence of an alternate payee's right to receive, or assigns to an alternate payee the right to

receive, all or a portion of the benefits payable with respect to a participant under a retirement plan, and that includes certain information and meets certain other requirements.

**Qualified Medical Child Support Order (QMCSO):** A 1993 amendment to ERISA requires employment-based group health plans to extend health care coverage to the children of a parent-employee who is divorced, separated, or never married when ordered to do so by state authorities.

**Qualifying Plan Assets:** Categories of plan assets under the Form 5500 audit rules for small plans.

**Regulated Financial Institution:** A bank, trust company, or similar financial institution that is regulated, supervised, and subject to periodic examination by a state or federal agency.

**REIT:** Real Estate Investment Trust.

**Revenue Procedure (Rev. Proc.):** An official statement by the IRS that provides additional guidance around an IRS position.

**Rev. Proc.:** See **Revenue Procedure**.

**Rev. Rul.:** Revenue Ruling (IRS).

**RIC:** Registered Investment Company.

**SAR:** See **Summary Annual Report**.

**SAS:** Statement of Accounting Standards.

**SEC:** Securities and Exchange Commission.

**Self-Directed Plan:** A defined contribution plan in which the participant authorizes specific investment transactions, such as purchases and sales of specific common stocks, bonds, mutual funds, etc. either based on a limited menu of fund options determined by the plan administrator or through an individual brokerage account (window).

**Self-Funded or Self-Insured Plan:** An arrangement under which some or all of the risk associated with providing benefits is not covered by an insurance contract. The plan sponsor establishes the necessary reserves to assure payment of claims and either self-administers the plan or contracts with an outside administrator.

**SEP:** Simplified Employee Pension.

**Small Plan:** A plan that covered fewer than 100 participants as of the first day of the plan year.

**Small Plan Filer:** The administrator of a plan that covered fewer than 100 participants as of the beginning of the plan year.

**Social Security Number (SSN):** A nine-digit number assigned by the Social Security Administration to an individual for wage and tax-reporting purposes.

**SOP:** Statement of Position.

**Sponsor:** See **Plan Sponsor**.

## GL-10

## GLOSSARY

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**SSN:** See **Social Security Number**.

**STD:** Short-Term Disability (welfare).

**STIF:** Short-Term Investment Fund.

**Stop-Loss Insurance:** Insurance (also called excess-loss insurance) that reimburses a plan or plan sponsor for losses in excess of certain limits, usually expressed as a percentage of expected claims or a specified dollar amount.

**Summary Annual Report (SAR):** A report of overall plan financial information provided to each participant in a format published by the DOL. The information is derived from the Form 5500 series annual report.

**Supervised Preparer:** A non-signing preparer who is employed by a law firm, CPA firm, or other recognized firm (a firm that is at least 80 percent owned by attorneys, CPAs, enrolled agents, enrolled actuaries, or enrolled retirement plan agents). Returns prepared by a supervised preparer are signed by a supervising attorney, CPA, enrolled agent, enrolled actuary, or enrolled retirement plan agent at the firm.

**Taxpayer Identification Number (TIN):** Either an **Employer Identification Number (EIN)** or a **Social Security Number (SSN)**.

**TCC:** See **Transmitter Control Code**.

**TD:** Treasury Decision.

**TDA:** Tax-Deferred Annuity.

**Technical Release:** A means of communication by the DOL to communicate agency policies, views, and enforcement policy.

**TIN:** Taxpayer Identification Number.

**Title I of ERISA:** The goal of Title I of ERISA is to protect the interests of participants and their beneficiaries in employee benefit plans.

**Top Hat Plan:** Maintained primarily to provide deferred compensation for a select group of management or highly compensated employees, such plans are exempt from filing a Form 5500 if they file a registration statement in accordance with DOL Reg. Section 2520.104-23(b), no later than 120 days after the effective date of the plan.

**Transmitter:** A person or organization submitting file(s) electronically. The transmitter may be the plan administrator or an agent of the plan administrator and is responsible for the security of all filing information prior to and during its transmission.

**Transmitter Control Code (TCC):** A five-character alpha/numeric number assigned by the IRS to the transmitter prior to filing electronically. An application Form 4419 must be filed with the IRS to receive this number.

**Treas. Reg.:** See **Treasury Regulations**.

**Treasury Regulations (Treas. Reg.):** Regulations written by the IRS interpreting the Internal Revenue Code are technically Treasury Regulations. The IRS is part of the Department of the Treasury, and the Internal Revenue Code authorizes the Secretary of the Treasury to promulgate regulations.

**Trust:** A legal entity established under state law that holds and administers plan assets for the benefit of participants.

**Trust Company:** A legal entity that is engaged as a trustee, agent, or fiduciary for a business or individual and performs certain administration, custodial, transfers, and other related services for those entities.

**Trustees:** The parties named in a trust document who have the responsibility to hold assets for the participants. Some plan documents also give investment responsibility to the trustees.

**TSA:** Tax-Sheltered Annuity.

**TSIA:** Tax-Sheltered Investment Account.

**UBTI:** See **Unrelated Business Taxable Income**.

**Unallocated Contract:** For ERISA reporting purposes, a contract with an insurance entity under which deposits are accumulated in an unallocated fund and provide no guarantee of specific benefit payments to individuals and may be withdrawn or otherwise invested. Most group annuity contracts for defined contribution plans are unallocated contracts.

**Uncollectable:** An obligation that has little likelihood of being met.

**Uniformed Services Employment and Reemployment Rights Act (USERRA):** This federal law provides employees who take a leave of absence to serve in the military, National Guard, or other uniformed services with various protections in connection with their employment and benefits.

**Unrelated Business Taxable Income (UBTI):** Gross income derived from any trade or business regularly carried on by the trust or by a partnership of which the trust is a member, less allowable deductions directly connected with the trade or business.

**USERRA:** See **Uniformed Services Employment and Reemployment Rights Act**.

**VEBA:** See **Voluntary Employee Beneficiary Association**.

**Vendor:** A service bureau that produces information return files electronically for plan administrators. Vendors also include companies that provide third-party software for those who wish to produce their own electronic files.

**VFCP:** See **Voluntary Fiduciary Correction Program**.

**Voluntary Employee Beneficiary Association (VEBA):** A Code Section 501(c)(9) organization that is used to fund employee benefit plans that pay life, sickness, accident, and similar benefits to members or their dependents, or designated beneficiaries.

**Voluntary Fiduciary Correction Program (VFCP):** A program designed to encourage employers to voluntarily comply with ERISA by self-correcting certain violations of the law. The program also

## GLOSSARY

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helps plan officials understand the law and gives immediate relief from payment of excise taxes under a class exemption.

**Welfare Benefit Plan:** Any plan, fund, or program established or maintained by an employer or employee organization, or by both, to the extent that the plan, fund, or program was established or is maintained for the purpose of providing for its participants or their beneficiaries, through the purchase of insurance or otherwise, medical, sickness, dental, disability, vision, death or other such benefits.

