

## 401(k) ENROLLMENT AND ADMINISTRATIVE TASKS

It is imperative that your company have good practices and procedures in place for the administration of your plan. The following is a brief outline of some of the critical tasks that you, as the Plan Administrator must keep in mind.

<b>Enrollment</b>	<b>Notices</b>
<ul style="list-style-type: none"> <li>-- All new Participant's must be given:               <ul style="list-style-type: none"> <li>-- Copy of Plan's Summary Plan Description</li> <li>-- Beneficiary Designation Form *</li> </ul> </li> <li>-- 401(k) Election Form *</li> <li>-- Safe Harbor Match Notice (if applicable)               <ul style="list-style-type: none"> <li>-- Qualified Default Investment Notice (if applicable)</li> <li>-- Participant 404(a)(5) Fee Disclosure (if applicable)</li> </ul> </li> <li>-- Current Participants may change their deferral percentage or dollar amount as allowed in your plan document. Deferral rates may be reduced to \$0.00 at anytime.</li> <li>-- All eligible employees must make an affirmative deferral election, even if it is a zero election.               <p style="margin-left: 20px;"><i>* Participants on a Recordkeeping Platform should be given an Enrollment Kit and/or Online Access Codes and Procedures to enroll (please contact your client representative with your provider for additional kits and procedures). All others should reference the Participant Tab of their Administrative Notebook.</i></p> </li> <li>401(k) deductions from an employee's paycheck should begin with the first payroll <u>after</u> their entry date into the plan.</li> <li>Modifications should be effective with the first payroll <u>after</u> the applicable modification date.</li> </ul>	<p>Where applicable the following notices must be provided to plan participants:</p> <ul style="list-style-type: none"> <li>-- Safe Harbor Match Notice should be distributed to all plan participants 30 to 90 days prior to the beginning of a plan year and by the entry date(s) for newly eligible plan participants</li> <li>-- Quarterly Pension Benefit Statement must be provided to all plan participants who direct their investments through a brokerage within 45 days of each calendar quarter end</li> <li>-- Qualified Default Investment Alternative Notice should be distributed to all plan participants 30 days prior to the beginning of a plan year and by the entry date(s) for newly eligible plan participants</li> <li>-- Participant 404(a)(5) Fee Disclosure should be distributed to all plan participants on an annual basis</li> <li>-- Participant Fee Change Notice must be provided 30 to 90 days in advance of any change to the Participant 404(a)(5) Fee Disclosure</li> </ul> <p style="text-align: center;">THESE NOTICES CAN BE FOUND ON YOUR RECORDKEEPERS WEBSITE OR IN YOUR ADMINISTRATIVE NOTEBOOK.</p>
<b>401(k) Withholding on Terminated Employees</b>	<b>Timing of 401(k) Deposits</b>
<ul style="list-style-type: none"> <li>-- Do not withhold 401(k) deferrals from severance pay</li> <li>-- Do not withhold 401(k) deferrals from an employee's final paycheck for services rendered at the end of the calendar year but paid in the subsequent year.</li> </ul>	<p>Establish strict guidelines to conform with the following DOL standards on depositing employee 401(k) deferrals and loan payments:</p> <ul style="list-style-type: none"> <li>-- Plans with under 100 Participants - Deposits must be made within 7 business days of being withheld from an Employee's paycheck.</li> <li>-- Plans with 100 or more Participants - Deposits must be made as soon as administratively feasible after being withheld from an Employee's paycheck.</li> </ul> <p>There are serious consequences imposed by the DOL for violation of the deposit rule.</p>
<b>Average Deferral Percentage (ADP) Testing *</b>	<b>Sole Proprietorships, Partnerships, LLC's &amp; LLP's (taxed as sole proprietorships or partnerships)</b>
<ul style="list-style-type: none"> <li>-- If your plan should fail this test then Excess Contributions must be returned to selected Highly Compensated Employees within 2 ½ months after the end of the plan year or the business will incur a 10% penalty.</li> </ul> <p><i>*Does not apply to plans with required Safe Harbor contributions</i></p>	<ul style="list-style-type: none"> <li>-- All 401(k) deferrals from sole proprietors, partners and members must be deposited within a reasonable time after the profits of the company have been determined.</li> </ul>