

GET (K)ONNECTED 401(K) PLAN NEWSLETTER

AGC
Georgia

RETIREMENT
SAVINGS PLAN



STOP THE REFUNDS! MAKE YOUR PLAN WORK FOR EVERYONE

If your top personnel receive refunds of their 401(k) contributions or must forfeit their matching contributions each year, your 401(k) plan is likely falling short of your initial expectations. Due to the low average deferral rate of the rank-and-file employees, many HCEs' contributions are limited to as little as 3 - 4% (or even less) of their salary. For an executive earning \$150,000, that represents only \$4,500 - \$6,000 of retirement savings each year -- far less than the \$19,500 allowed by law and far less than what they will need to generate a sufficient nest egg for retirement. A safe harbor plan design can help.

The government has basically proposed a tradeoff. If you as the employer offer a "sufficiently generous" retirement package to your staff, you receive an automatic pass on the Average Deferral Percentage Test - the test that is likely responsible for the refunds your HCEs receive each year. This automatic pass means that your HCEs will be able to contribute up to the legal limit (\$19,500 in 2021) regardless of the deferral rate of your NHCEs. Possibly for the first time, your top executives and company owners will be able to take full advantage of your plan. Either a Safe Harbor Match design or a Safe

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Harbor Non-Elective design will ensure that all of your employees are able to prepare for their retirement.

The safe harbor match is a fully vested matching contribution of \$1 for each \$1 contributed by your employees up to 4% of their compensation (or a contribution of \$1 for \$1 for the first 3% of compensation

Since it is a match, only those employees that actually contribute to the plan receive the matching contribution. The safe harbor non elective contribution is a fully vested contribution equal to 3% of compensation for all eligible employees. This contribution is given to your eligible employees regardless of whether they contribute to the plan or not. To maintain your safe harbor status, you must provide a safe harbor notice to your employees each year.

If you want the advantages of safe harbor, but are concerned about the expense, you may be able to reduce your costs by changing your eligibility conditions or carving out certain groups of employees. Our plan design experts can help you determine what works best for your company.

PLAN DESIGNS THAT WORK

When you sponsor a 401(k) or 403(b) plan, you are likely doing so for one or more of the following 3 reasons: (1) to attract and retain top talent, (2) to ensure that your employees are taken care of in retirement, and/or (3) to maximize the compensation realized by owners and top management. The design of your plan should reflect your corporate objectives as well as your corporate budget constraint. If your current plan is not meeting your objectives, or if you are simply curious to see what other designs are available, arrange a plan consultation with our experienced retirement professionals today. Let us help you take full advantage of the flexibility allowed by law.

As an adopting employer of our multiple employer plan, you will receive complementary plan design services from our experienced retirement plan specialists.

If you would like more information about joining a multiple employer plan, contact us today! We will arrange a plan consultation with a retirement specialist to help you determine if joining a multiple employer plan is the right move for your company.

Name of the Company: _____

Form of Entity (check one):

<input type="checkbox"/> Corporation	<input type="checkbox"/> S Corporation	<input type="checkbox"/> Non-Profit/Tax-Exempt	<input type="checkbox"/> Sole Proprietorship
<input type="checkbox"/> LLC	<input type="checkbox"/> LLP	<input type="checkbox"/> Partnership	<input type="checkbox"/> Other

Business Product or Service: _____

Company Address: _____ City: _____ State: _____ Zip: _____

Company Phone: _____ Fax: _____

Company Contact: _____

Name: _____ Title: _____

Email: _____ Phone: _____

Alternative Contact: _____

Name: _____ Title: _____

Email: _____ Phone: _____

Return this form to::

Linda Smith, Retirement Plan Sales Contact
AGC Retirement Savings Plan
Email: lindasmith@bensource.com