



HICKS PENSION SERVICES
ACTUARIES AND EMPLOYEE BENEFIT SPECIALISTS

HICKS PENSION SERVICES

Retirement Plan Specialists



What is a Safe Harbor Plan?

Safe harbor provisions are designed for 401(k) plans. They require the employer to make a specific contribution to each participant in the plan, which can be non-elective or matching. By adopting safe harbor provisions, companies can eliminate the burden of discrimination testing of a traditional 401(k) plan. Safe harbor plans are ideal for any size company, but especially those plans that have difficulty passing the ADP or ACP tests, as well as plans that need to make up top heavy minimum contributions.

Additional Information Regarding Safe Harbor Matching Plans

- Allow plans to satisfy non-discrimination tests under IRS regulations.
- Must apply to at least all eligible NHCEs (non-highly compensated employees), and may exclude HCEs (highly-compensated employees).
- Benefits HCEs, as they can maximize deferrals without having returned contributions due to ADP/ACP testing failure.
- All matching contributions are 100% vested.
- Provisions can be added to existing plans before the beginning of the plan year and must be in effect for the entire year.
- Provisions can be added to a new plan no later than October 1st for a calendar year plan.



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Matching contributions can only be allocated to employees that make salary deferrals, and are calculated based on one of two formulas:

Basic Matching Contribution: 4% of pay for participants that defer at least 5%

- 100% of the first 3% deferred
- 50% of the next 2% deferred

Enhanced Matching Contribution:

- 100% of the first 4% (minimum)
- 100% of the first 5%
- 100% of the first 6% (maximum)

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FEE QUOTATION FOR

401 (k) PROFIT SHARING PLANS

Plan design, Installation or Take-over:\$ 1,000

Including:

- Collection of data concerning the employer, its employees and existing benefit programs.
- Analysis of employee data to illustrate costs under various alternatives.
- Design of plan to meet specific requirements of the employer including such options as eligibility requirements, vesting schedules, benefit formulas and distribution options.
- Preparation of plan and trust documents and summary plan descriptions.
- Applying for approval with the Internal Revenue Service if necessary.
- Employee meetings to explain and answer questions relating to the plan.

Annual Administration:.....\$ 1,500 + \$30 per participant

Costs can be paid through the contract, through a line item separate fee on employee statement, billed to the employer or any combination of the above.

Including:

- Annual review of payroll census data to determine eligible employees, employer profit sharing and matching allocations.
- 401 (k) discrimination tests throughout the plan year.
- 401(a)(4) and 410(b) discrimination testing.
- Preparation of annual reports to the Internal Revenue Service, including form 5500.
- Preparation of employee certificates and Summary Annual Reports.
- Review and preparation of Trust Accounting statements.
- Preparation of year-end Plan Evaluation and Trust Financial Report.
- Annual meeting with employees to explain benefits and features.

Other fees:

Participant Distributions:\$125

Loans:\$125 + 50 annual

Trust Accounting:\$125 per hour

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