



NEW CLIENT - PLAN DOCUMENT PROVISIONS

Company Name: _____

We use very flexible retirement plan documents that have a large number of options that must be selected. For many of the options, we have standard defaults we use based upon our extensive experience and our way of administering plans. However, the plan document options listed below are normally client selected. We have prepared this document to help facilitate our discussions with you and to help in the timely preparation of your specific plan documents. If you have any questions about the below decisions, please call.

I. Trustees (normally 1 to 3 Principals or Officers of your Company who agree to serve as Trustees):

- A. _____
- B. _____
- C. _____

II. Do you have another entity whose employees are to be covered by your Plan?

- A. No
- B. Yes: Entity name: _____

III. Type of Plan?

- A. 401(k) Plan
- B. Also allow Roth 401(k) salary deferrals (we recommend this)
Information about the Roth option: www.plandesign.com/rothemployer
- C. Profit Sharing only
- D. Other (specify): _____

IV. Entry dates

- A. Semi-annual entry dates (1st day and middle day of the Plan Year)
- B. Quarterly entry dates (1st day of each Quarter during the Plan Year)
- C. Monthly entry dates (1st day of each month)
- D. Every day of the year is an entry date

V. Length of Service for Eligibility and Age

- A. Age No age requirement Age _____ (cannot exceed 21)
- B. 1 Year with over 1,000 hours of service (hours requirement keeps out part-timers)
- C. 6 Months with over 500 hours of service (this keeps out certain part-timers)
- D. 3 Months with over 250 hours of service (this keeps out certain part-timers)
- E. 1 Month with over 83 hours of service (this keeps out certain part-timers)
- F. No wait – eligible on date of hire (all part-time employees will be included in this option)
- G. Also, grandfather in all employees as of 11/30/06

VI. Excluded Employees – do you have any types of employees whom you do not want to include in the plan other than part-timers such as summer interns who work full-time for a few months?

- A. Specify: _____

VII. When is the first payday when you will be ready to implement salary deferrals?



Note: The next four sections can be a little intimidating. Feel free to call Paul Carlson or JD Carlson or Rich Viola at (650) 341-3322 for help or leave this blank and we can work through the options during a later document consulting meeting.

- VIII. Safe Harbor Contributions: Use a Safe Harbor Match or Profit Sharing contribution which is 100% vested to eliminate the ADP discrimination test thereby allowing all Highly Compensated Employees to do up to the maximum salary deferral limits for the year
- A. Basic Safe Harbor Match: 100% of the first 3% plus 50% of the next 2% of compensation
 - B. Enhanced Safe Harbor: 100% of the _____% of pay (not less than 4% or more than 6%)
 - C. Make a 3% Safe Harbor Profit Sharing contribution to all eligible participants
- IX. Matching Contributions – Non-Safe Harbor. [For example, some very common matching contribution formulas would be (1) 50% of salary deferrals of up to 6% of compensation which is a maximum of 3% of pay as a match, or (2) 100% of salary deferrals of up to 5% of pay, or (3) 50% of salary deferrals of up to \$1,500 which would be a maximum of \$750 in a match.
- A. None to be made – salary deferrals only to this plan at this time
 - B. 100% match
 - C. 50% match
 - D. 25% match
 - E. Other: _____% of salary deferrals
 - F. Maximum Salary Deferrals Considered: _____% of compensation
 - G. Absolute dollar limit on matching contribution if any: \$_____
 - H. Do not provide a specific fixed match in the document but instead allow for a discretionary matching contribution to be set each year by the employer
- X. Applicable salary deferral contributions to be taken into account:
- A. Calculate on a Plan Year basis – the match will be based upon the participant's salary deferrals and compensation for the entire Plan Year rather than on a payperiod basis. This would allow for the use of an end of the year requirement for Non-Safe Harbor matches and would allow participants to do large deferrals in a given payperiod without losing matching contributions. The matching contribution can be calculated and made after the plan year has ended.
 - B. Calculate on a payperiod basis – the match will be based on each payperiod which will tend to decrease the matching contribution by the employer. If a participant delays participation or makes a very large salary deferral in a given payperiod, then they will get less matching contributions for the year. This requires matching contributions to be made each payperiod.
- XI. Vesting Schedule on the Match (Note: Safe Harbor Matches are always 100% vested):
- A. Make any match 100% vested so that it can aide in the ADP test (a "QMC")
 - B. Apply the same vesting as chosen for any Profit Sharing contributions (see below)
- XII. Discretionary Profit Sharing Contribution (we recommend making this available in all 401(k) plans):
- A. We will never make a Profit Sharing contribution, so don't include in plan
 - B. Yes, allow a discretionary Profit Sharing contributions, and allocate in the following manner:
 - 1. pro-rata in proportion to salary (everyone gets the same percent of pay)
 - 2. permitted disparity (slightly favors higher paid employees)
 - 3. pro-rata within separate allocation groups ("cross-tested") – we will contact you regarding the definition of the allocation groups
 - C. Require a participant to be employed on the last day of the Plan Year to share in contribution



- XIII. Vesting Schedule for Discretionary Profit Sharing Contribution
 - A. 100% immediate vesting
 - B. 6 Year Graded Vesting (slowest possible vesting) 2yrs 20%; 3yrs 40%; 4yrs 60%; 5yrs 80% and 6yrs 100%
 - C. _____% per Year of Service
- XIV. Service to be counted for vesting purposes
 - A. Count service before the installation of the plan from original hire date
 - B. Exclude service prior to plan effective date – everyone starts vesting from plan installation
- XV. Loans and Hardship Distributions (normally, you would allow both of these, but could say no loans)
 - A. Allow loans (\$1,000 min., one loan at a time, 5 year payroll payback, due at termination)
 - B. Allow hardship distributions
- XVI. Officer to Sign Plan Documents on Behalf of Plan Sponsor (Employer)
 - A. Name: _____
 - B. Title: _____
- XVII. Board of Director's / Members of LLC / Partners Sole-Proprietor
 - A. Name: _____
 - B. Name: _____
 - C. Name: _____
 - D. Name: _____
 - E. Name: _____
 - F. Name: _____
 - G. Name: _____
 - H. Name: _____
- XVIII. This form was completed by:
 - A. Name: _____
 - B. Signature: _____
 - C. Date: _____