Standard Plan Elections

Guidant

Listed below are our default plan elections. Please review each item and make sure you understand what the election means and how it affects your plan. The standard plan was created to offer ease in plan implementation while also taking the most conservative and effective approach for our clients. There are some plan offerings not listed here[1], if you have any questions about any other elections, please speak to your ROBS Onboarding Specialist.

Eligibility

Age - 21

The age that an employee[2] must reach before being able to enter and participate in the plan. The age cannot be greater than 21. This must be met in addition to any hours and period requirements.

Period - 1 Year

This is the length of time an employee must work within one plan year before being able to enter and participate in the plan. The maximum length of time is 12 months (one year). This must be met in addition to any age and hours requirements.

Hours - 500 Hours

This is the number of hours an employee must work within one plan year before being able to enter and participate in the plan. This must be met in addition to any age and period requirements.

Other Plan Features

Entry Period - Monthly

This is the specific time frame a participant will be allowed to begin putting salary deferrals into the plan once all eligibility requirements have been met. This will also determine how frequently someone participating in the plan will be allowed to change their deferral modification elections.

Roth Allowed - Yes

This election allows for after-tax payroll contributions. Making ROTH payroll contributions means the money has already been taxed so you would not owe taxes on qualified withdrawals, potentially including earnings. You must elect for Roth in your plan if you are rolling any Roth 401(k) funds into the 401(k) Plan.

Safe Harbor - Yes

This mandatory employer contribution then allows the plan to avoid annual IRS nondiscrimination testing. Nondiscrimination testing to the plan can result in hefty failure contributions to be made, often to all employees, even if they opted out of the plan. This is a benefit to allow Highly Compensated Employees, which always include owners, to make deferrals to the Plan while not having to worry about failing the year-end reporting and testing.

Safe Harbor Election - 4% Enhanced Match

This election provides all eligible[3] plan participants[4], or person who is making active deferrals[5] from their paycheck into the 401(k) Plan, with an employer contribution matching a portion of what they contributed. With the 4% Enhanced Match, employees who defer 4% of their paycheck would receive an employer contribution matching them 100% with each paycheck. If the participant defers less than 4% then the employer would only match what the participant contributed. The employer would never contribute more than 4%

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[1] Familiar plan elections not included in the Standard Plan are Profit Sharing Contributions and 401(k) Participant loans.
[2] Employee is any person hired by the company earning wages or salary.
[3] Eligible means that the employee has met all age, period, and hours requirements to be active in the 401(k) Plan.
[4] Participant is an employee of an organization who is choosing to contribute monetarily to the 401(k) Plan offered.
[5] Deferral is a contribution made from the participant's payroll and deposited into the 401(k) Plan account.

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