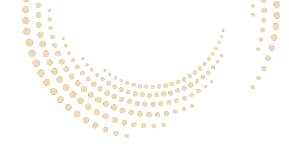


Welcome and thank you for joining!

The webinar will begin momentarily



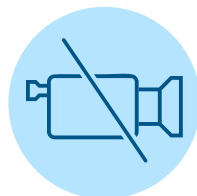
You're on mute

(Attendees will be in listen-only mode)



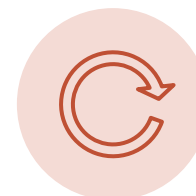
**You've got questions?
We've got answers!**

(Q&A is enabled, and questions will be answered live, pending time is available)



**We won't be able to see your video –
we're sure you look great, though!**

(Video capability is disabled for attendees)

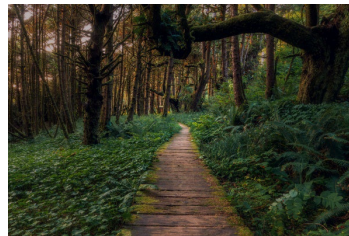


**You're going to love this so much
you'll want to see it again!**

(We'll be recording today's webinar so that you'll be able to refer back to the information shared whenever you need.)



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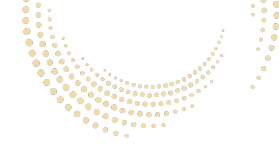
Ask the Pros: Form 5500 Filing & Non-Discrimination Testing

For Plan Administrators

ABA Retirement Funds Program

CN4076993_1226

abaretirement.com



Meet our Pros

Our Presenters:



Rebecca Chandler*
*Head of Client Service for
the ABA Retirement Funds
Program*



Eleanor Connelly*
*Regional VP, Core Client
Service, the ABA
Retirement Funds Program*

Our Pros:

Ann Lynne Kotfica
*Sr. Compliance Analyst,
the ABA Retirement Funds
Program*

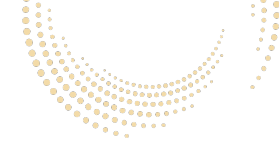
Daniel Cooke
*Sr. Compliance Analyst,
the ABA Retirement Funds
Program*

James Jablonski,
MBA, QKA
*ERISA Services Manager,
the ABA Retirement Funds
Program*

Registered representative of Voya Financial Partners, LLC (member SIPC)

Form 5500





Overview

- What is Form 5500/5500-SF/5500-EZ?
- Who must file and when?
- What to expect

What is Form 5500/5500-SF?





What is a Form 5500?

- It is an annual report that provides demographic and financial data on your retirement plan to the IRS and U.S. Department of Labor (DOL).
- It satisfies the annual reporting requirements of the Employee Retirement Income Security Act (ERISA).
- It provides an important compliance, research, and disclosure tool for the DOL.
- It is a source of information for federal agencies, Congress, and the private sector in assessing employee benefit, tax and economic trends and policies.
- Form 5500/5500-SF are public documents once filed.
- Form 5500-EZ is filed with the IRS and is not a public document.

Form 5500/5500-SF/Form 5500-EZ

- Keep your financial and demographic information up to date with the Program:
 - Participant status
 - Eligible, not contributing
 - Participant count
 - Firm name and address
- Many fields are open for editing, including:
 - Fidelity bond (not required for EZ filers)
 - Participant count
 - Extension of time

Form 5500-SF Short Form Annual Return/Report of Small Employee Benefit Plan

OMB No. 1510-0102 12-10-09

2018

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2018 or fiscal plan year beginning and ending

A This return/report is for: a single-employer plan a multiple-employer plan (not multiemployer) (filers checking this box must attach a list of participating employer information in accordance with the form instructions.)
 a one-participant plan a freeze plan

B This return/report is: the first return/report the final return/report
 an amended return/report a short plan year return/report (less than 12 months)

C Check box if filing under: Form 5558 automatic extension DFLVC program
 special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
Form 5500 (2010) Page 2

2a Plan sponsor's name (employer, including address (outside room, or City or town, state or province, or ZIP code))

3a Plan administrator's name and address (if same as plan sponsor, enter "Same")

3b Administrator's EIN

3c Administrator's telephone number

4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:
 a Sponsor's name
 4b EIN
 4c PIN

5 Total number of participants at the beginning of the plan year 75

6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a, 6b, 6c, and 6d)

a Active participants 6a 5.0

b Retired or separated participants receiving benefits 6b 0

c Other retired or separated participants entitled to future benefits 6c 25

d Subtotal. Add lines 6a, 6b, and 6c. 6d 75

e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits 6e 0

f Total. Add lines 6d and 6e. 6f 75

g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) 6g 75

h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested 6h 0

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item) 7

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
 22 23 24 25 26 27 28 29

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply)
 (1) Insurance
 (2) Code section 412(e)(3) insurance contracts
 (3) Trust
 (4) General assets of the sponsor

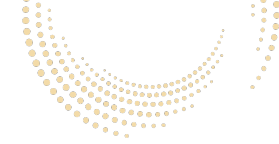
9b Plan benefit arrangement (check all that apply)
 (1) Insurance
 (2) Code section 412(e)(3) insurance contracts
 (3) Trust
 (4) General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules
 (1) R (Retirement Plan Information)
 (2) MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
 (3) SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

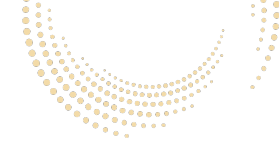
b General Schedules
 (1) H (Financial Plan Information)
 (2) I (Financial Information - Small Plan)
 (3) A (Insurance Information)
 (4) C (Service Provider Information)
 (5) D (DFE/Participating Plan Information)
 (6) G (Financial Transaction Schedules)

SAMPLE



Form 5500/5500-SF/Form 5500-EZ

- Contributions are reported based on the **date they were received**.
- Plans with **fewer than 100 participants** are considered small plans and are able to file a 3-page Form **5500-SF** (or “short form”).
- Plans with **more than 120 participants** are considered large plans and require an audit. “**Full filers**” must file a Form 5500 with a Schedule H and other required schedules.
- **Note:** Under the 80-120 Participant Rule, if the number of participants is between 80 and 120, and a Form 5500 was filed for the prior plan year, you may elect to complete the return in the same category (either “large plan” or “small plan”) as was filed for the prior plan year.
- Form 5500-EZ must be filed for those plans whose total plan assets are greater than \$250,000 **and** the only individuals eligible to participate in the plan are the owners or the owners and their spouses.



Form 5500 and Schedules – Schedule C

Service Provider Information

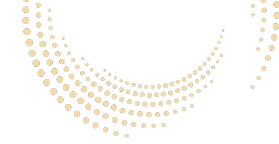
- **Schedule C** is used to identify those “persons” who received \$5,000 or more in total compensation in connection with services rendered to the plan. This is completed by the Program for Fund Investment Management Fees.
- **This is for large plan filers only.** Schedule C is not included with Form 5500-SF and Form 5500-EZ.

More information on Schedule D can be obtained by visiting the DOL website:

[Form 5500 Series | U.S. Department of Labor](#)

SCHEDULE C (Form 5500)		Service Provider Information		OMB No. 1510-0110
Department of the Treasury Internal Revenue Service		This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).		2024
Department of Labor Employee Benefits Security Administration		▶ File as an attachment to Form 5500.		This Form is Open to Public Inspection.
Pension Benefit Guaranty Corporation				
For calendar plan year 2024 or fiscal plan year beginning and ending				
A Name of plan		B Three-digit plan number (PN)		
C Plan sponsor's name as shown on line 2a of Form 5500		D Employer Identification Number (EIN)		
Part I Service Provider Information (see instructions)				
You must complete this Part, in accordance with the instructions, to report the information required for each person who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received only eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.				
1 Information on Persons Receiving Only Eligible Indirect Compensation				
a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions). <input type="checkbox"/> Yes <input type="checkbox"/> No				
b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).				
(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation				
(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation				
(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation				

Form 5500 and Schedules – Schedule H



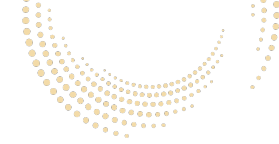
SCHEDULE H (Form 5500)		Financial Information		OMB No. 1510-0110	
Department of the Treasury Internal Revenue Service		This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6505(a) of the Internal Revenue Code (the Code).		2018	
Division of Pension Administration		File as an attachment to Form 5500.		This Form is Open to Public Inspection.	
For calendar plan year 2018 or fiscal plan year beginning and ending					
A Name of plan		B Three-digit plan number (PN)			
C Plan sponsor's name as shown on line 2a of Form 5500		D Employer Identification Number (EIN)			
Part I Asset and Liability Statement					
<p>1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTFs, CCTs, PSAs, and 103-12 IRs do not complete lines 1c(1), 1c(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IRs also do not complete lines 1d and 1e. See instructions.</p>					
		(a) Beginning of Year	(b) End of Year		
Assets					
a Total noninterest-bearing cash		1a			
b Receivables (less allowance for doubtful accounts):					
(1) Employer contributions		1b(1)			
(2) Participant contributions		1b(2)			
(3) Other		1b(3)			
c General investments:					
(1) Interest-bearing cash (include money market accounts & certificates of deposit)		1c(1)			
(2) U.S. Government securities		1c(2)			
(3) Corporate debt instruments (other than employer securities):					
(A) Preferred		1c(3)(A)			
(B) All other		1c(3)(B)			
(4) Corporate stocks (other than employer securities):					
(A) Preferred		1c(4)(A)			
(B) Common		1c(4)(B)			
(5) Partnership/joint venture interests		1c(5)			
(6) Real estate (other than employer real property)		1c(6)			
(7) Loans (other than to participants)		1c(7)			
(8) Participant loans		1c(8)			
(9) Value of interest in common/collective trusts		1c(9)			
(10) Value of interest in pooled separate accounts		1c(10)			
(11) Value of interest in master trust investment accounts		1c(11)			
(12) Value of interest in 103-12 investment entities		1c(12)			
(13) Value of interest in registered investment companies (e.g., mutual funds)		1c(13)			
(14) Value of funds held in insurance company general account (unallocated contracts)		1c(14)			
(15) Other		1c(15)			
For Paperwork Reduction Act Notice, see the Instructions for Form 5500.		Schedule H (Form 5500) 2018 v.171027			

Financial Information:

- **Schedule H** reports plan assets as of the beginning of the plan year and contributions, income, distributions, and assets as of the end of the plan year.
- **This is for large plan filers only.** Schedule H is not included with Form 5500-SF and Form 5500-EZ.

More information on Schedule H can be obtained by visiting the DOL website:

[Form 5500 Series | U.S. Department of Labor](#)



Form 5500 and Schedules – Schedule R

Schedule R is used to:

- Report the EIN of the payor who paid benefits on behalf of the plan to participants or beneficiaries. Distributions would include termination payouts, withdrawals, defaulted loans and deemed distributed loans.
- Identify whether the plan is subject to minimum funding requirements (such as a money purchase pension plan).
- Answer compliance questions added by the IRS beginning with 2023 Forms.

This is for large plan filers only.

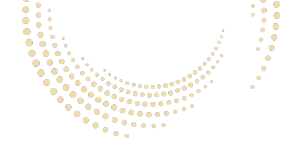
Schedule R is not included with Form 5500-SF and Form 5500-EZ.

More information on Schedule R can be obtained by visiting the DOL website:

[Form 5500 Series | U.S. Department of Labor](#)

SCHEDULE R (Form 5500)		Retirement Plan Information		OMB No. 1520-0110	
Department of the Treasury Internal Revenue Service		This schedule is required to be filed under sections 104 and 4085 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 4059(a) of the Internal Revenue Code (the Code).		2018	
Department of Labor Employee Benefit Security Administration		File as an attachment to Form 5500.		This Form is Open to Public Inspection.	
For calendar plan year 2018 or fiscal plan year beginning _____ and ending _____					
A Name of plan			B Three-digit plan number (PN)		
C Plan sponsor's name as shown on line 2a of Form 5500			D Employer Identification Number (EIN)		
Part I Distributions					
All references to distributions relate only to payments of benefits during the plan year.					
1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions		1			
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of two payors who paid the greatest dollar amounts of benefits):		EIN(s):			
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year		3			
Part II Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)					
4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A					
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____					
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)					
b Enter the amount contributed by the employer to the plan for this plan year					
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount)					
7 Will the minimum funding amount reported on line 6c be met by the funding deadline? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A					
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A					
Part III Amendments					
9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box. <input type="checkbox"/> Increase <input type="checkbox"/> Decrease <input type="checkbox"/> Both <input type="checkbox"/> No					
Part IV ESOPs (see instructions). If this is not a plan described under section 409(a) or 4075(e)(7) of the Internal Revenue Code, skip this Part.					
10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? <input type="checkbox"/> Yes <input type="checkbox"/> No					
11 a Does the ESOP hold any preferred stock? <input type="checkbox"/> Yes <input type="checkbox"/> No					
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) <input type="checkbox"/> Yes <input type="checkbox"/> No					
12 Does the ESOP hold any stock that is not readily tradable on an established securities market? <input type="checkbox"/> Yes <input type="checkbox"/> No					
For Paperwork Reduction Act Notice, see the Instructions for Form 5500. Schedule R (Form 5500) 2018 v.171027					

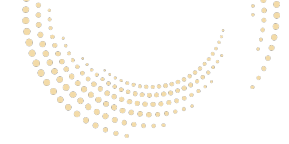
Form 8955-SSA



Form 8955-SSA (formerly known as Schedule SSA)

- Used to report information regarding participants who separate from service with deferred vested benefits. (For the 2025 plan year, it reports those participants who terminated employment during 2024 and who continue to maintain a balance in the plan.)
- **For filing purposes only, the Form 8955-SSA is not part of the Form 5500/5500-SF. It is filed electronically directly to the IRS; a filing link is provided separately.**
- You must inform the Program of a participant's termination in order to receive an accurate 8955-SSA.
- Form 8955-SSA does not apply to Form 5500-EZ filers.

Fidelity Bond

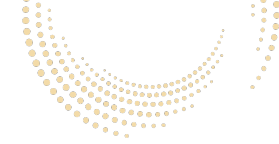


What is a fidelity bond?

- A form of insurance that protects the plan and covers participants for losses they may incur as a result of fraudulent acts by employees of the firm.
- Plans that file Form 5500/Form 5500-SF must secure a fidelity bond:
 - Enter the amount on line 10c of the Form 5500-SF or for full-filers, on Schedule H, line 4e, prior to filing.
 - Amount should be for 10% of the plan's assets as of the beginning of the plan year
 - The minimum bond amount is \$1,000 and it need not exceed \$500,000.
- Contact your insurance agent each year to ensure you have adequate bond coverage.
- Fidelity bond does not apply to Form 5500-EZ filers.

Who must file and when?





Who Must File?

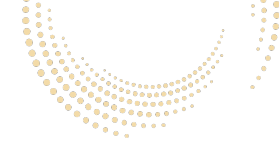
Form 5500/5500-SF

- Plan administrators of plans where **at least one non-owner is an employee eligible to participate in the plan and that non-owner employee has a balance in the Plan as of the first day of the plan year.**

Form 5500-EZ*

- Plan sponsors with any business entity type ***and***
- Plan assets are greater than \$250,000 ***and***
- The only individuals eligible to participate in the plan are the owners or the owners and their spouses.

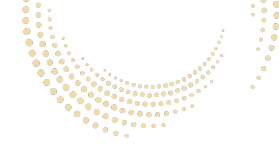
*Note: Form 5500-EZ is now filed electronically. Questions on Form 5500-EZ can be directed to the Program at 800.752.6313.



Who Is *Not* Required to File?

Both of the conditions set forth below must be met:

- Combined plan assets of all plans sponsored are \$250,000 or less *and*
- The only individuals eligible to participate in the plan(s) are the owners of the business or the owners and their spouses.

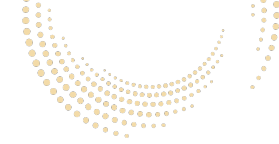


When Is It Due?

- Form 5500/5500-SF and Form 5500-EZ are due to be filed on the last day of the seventh month following the close of the plan year (e.g., plans with a calendar plan year have a filing deadline of July 31st each year).
- For Form Year 2024 the IRS has indicated that the Form 5558 will now be able to be filed electronically by the Plan Administrator. However, if the IRS will continue to accept a paper filing of Form 5558, the Program intends to request an extension of time for those plans with a calendar year end. A copy of the extension will be available on WebClient.
- An extension of two and a half months will be granted (e.g., for calendar plan years, the new filing deadline would be October 15th). The IRS may declare a special extension for disaster situations, which could extend the filing deadline beyond the Form 5558 extended deadline.

Filing the Form 5500/5500-SF/5500-EZ

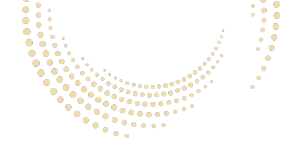




Filing the Form 5500/5500-SF/5500-EZ

- The Program provides a Form 5500/5500-SF/5500-EZ to each plan administrator.
- The plan administrator must “sign” and “file” Form 5500/5500-SF directly with the DOL through our WebClient system. The DOL will only accept electronic filings for these forms.
- Form 5500-EZ may be filed electronically through our WebClient system which is a direct filing to the IRS. Or a paper Form 5500-EZ may be printed and mailed to the IRS. In both instances, the plan administrator must sign the form prior to filing.
- The DOL requires each person signing and filing the Form to obtain filing credentials from the DOL. One set of filing credentials is issued per email address.
- The Program will notify you via email that your plan’s Form 5500/5500-SF/Form 5500-EZ is ready for review on WebClient.
- We will email you your Username for WebClient, so that you may review sign and file your Form 5500/5500-SF/Form 5500-EZ.

Filing the Form 5500/5500-SF/Form 5500-EZ Initial Communication



All 5500 email addresses on file for the plan will receive **two** emails from the Program when the Form 5500/5500-SF/Form 5500-EZ is ready for review.

1. The first email will include a link to eFile.

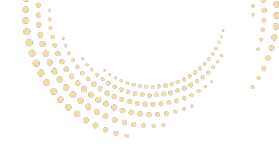
In addition to the eFile link, it will also include your Username and a summary of the actions needed to access the Form 5500/5500-SF/Form 5500-EZ for review, approval and electronic filing directly with the DOL or IRS.

2. The second email also includes a summary of the actions needed to access the Form 5500/5500-SF/Form 5500-EZ for review, approval and electronic filing directly with the DOL or IRS.



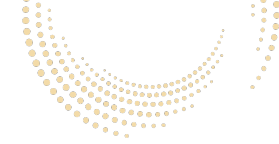
Filing the Form 5500/5500-SF/Form 5500-EZ

- **We must have on file the email address(es) of the contact(s) that will need to be notified for Form 5500 purposes.** If you have not already done so, please send the Form 5500 contact email address(es) and contact name(s) to contactus@abaretirement.com.
- Please note that the Form 5500 contact(s) may be different than the authorized plan contact(s).



Filing the Form 5500/5500-SF/Form 5500-EZ

- To prevent important Program emails about e-filing from being directed to junk mail folders or blocked by spam filters, **please add the following email addresses to your list of approved senders:**
 - efile@abaretirement.com
 - contactus@abaretirement.com
 - messaging@sgc02.com
 - no-reply@sgc02.com



Summary Annual Report

- The Summary Annual Report (SAR) must be given to all plan participants within nine months of the end of the plan year or within two months of the filing extension period.
- The Program will post the SAR along with the 5500/5500-SF on our eFile website. See the “Reports and Notices” link.
- You may deliver it to plan participants and beneficiaries by mail, by email or in person.
- The SAR is not applicable to Form 5500-EZ filers.

SUMMARY ANNUAL REPORT
For SAMPLE PROFIT SHARING PLAN

This is a summary of the annual report for SAMPLE PROFIT SHARING PLAN, EIN 59-2644373, Plan No. 001, for period January 1, 2014 through December 31, 2014. The annual report has been filed with the Employee Benefits Security Administration, U.S. Department of Labor, as required under the Employee Retirement Income Security Act of 1974 (ERISA).

Basic Financial Statement

Benefits under the plan are provided by a trust fund. Plan expenses were \$44. These expenses included \$44 in benefits paid to participants and beneficiaries. A total of 6 persons were participants in or beneficiaries of the plan at the end of the plan year, although not all of these persons had yet earned the right to receive benefits.

The value of plan assets, after subtracting liabilities of the plan, was \$266,299 as of December 31, 2014, compared to \$220,983 as of January 1, 2014. During the plan year the plan experienced an increase in its net assets of \$45,316. This increase includes unrealized appreciation and depreciation in the value of plan assets; that is, the difference between the value of the plan's assets at the end of the year and the value of the assets at the beginning of the year or the cost of assets acquired during the year. The plan had total income of \$45,360, including earnings from investments of \$45,360.

Your Rights To Additional Information

You have the right to receive a copy of the full annual report, or any part thereof, on request. The items listed below are included in that report:

- an accountant's report;
- financial information;
- information regarding any common or collective trusts, pooled separate accounts, master trusts or 103-12 investment entities in which the plan participates;

To obtain a copy of the full annual report, or any part thereof, write or call the office of SAMPLE at ADDRESS, CITY, STATE ZIP, or by telephone at XXX-XXX-XXXX. The charge to cover copying costs will be \$0.00 for the full annual report, or \$0.00 per page for any part thereof.

You also have the right to receive from the plan administrator, on request and at no charge, a statement of the assets and liabilities of the plan and accompanying notes, or a statement of income and expenses of the plan and accompanying notes, or both. If you request a copy of the full annual report from the plan administrator, these two statements and accompanying notes will

Questions?

- For more detailed information and/or instructions, you can access the tutorial for filing Form 5500/5500-SF/5500-EZ posted in the Resources section of our website at abaretirement.com.
- For questions, you may call our Plan Administrator Line at 1-800-752-6313 or email us at contactus@abaretirement.com.
- For assistance with DOL filing credentials, you may contact the DOL's EFAST2 Help Line at 866-463-3278 (866-GO-EFAST).
- You can check the filing status of your Form 5500/5500-SF at the DOL's EFAST2 filing website [Form 5500 Search](#) You will just need to select EIN from the drop-down menu, input your firm's EIN and select Go!



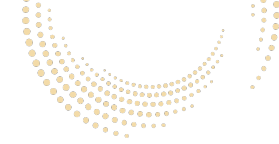
Non-Discrimination Testing





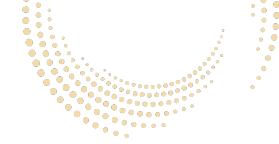
Agenda

- Actual Deferral Percentage (ADP) and Actual Contribution Percentage (ACP) testing for 401(k) plans
- Top Heavy testing
- How the Program can help (standard compliance services are included at no additional cost)



ADP/ACP Testing in 401(k) Plans

- 401(k) plans that have adopted a safe harbor provision are not required to be tested annually.
- These year-end tests are required to ensure that plans are in compliance with the non-discrimination rules.
- If a plan fails either the ADP or ACP tests, the Program's compliance team will work with the plan administrator to determine appropriate corrective measures.



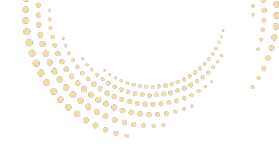
ADP/ACP Testing in 401(k) Plans

- 401(k) plans are subject to annual non-discrimination testing to ensure that the plan does not overly favor highly compensated employees.
- **Actual Deferral Percentage (ADP)** – The average of the ratios of 401(k) elective deferrals as percentages of compensation
 - Example: Employee A has annual compensation of \$55,000 with \$10,000 contributed in 401(k) salary deferrals. $\$10,000/\$55,000 = 18\%$ deferral rate. The average deferral rate is the aggregate total of all employees' deferral rate divided by the number of employees in the group.
- **Actual Contribution Percentage (ACP)** – The average of the ratios of aggregate contributions (matching employer contributions and voluntary post-tax employee contributions) as percentages of compensation
 - Calculated in the same manner as above except it looks at the average rate of voluntary post tax employee contributions (not Roth 401(k) elective deferrals) and matching contributions instead of elective deferrals.
- ADP and ACP testing is performed by the Program upon request as part of the Program's compliance services.



ADP/ACP Testing in 401(k) Plans

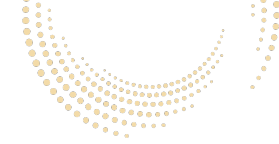
- **Highly Compensated Employees (HCE)** – A Highly Compensated Employee is any employee who has:
 - Greater than 5% ownership in the firm during the plan year being tested or the preceding plan year; or
 - A direct lineal descendant or ascendant of a greater than 5% owner; or
 - Compensation in excess of \$150,000 (2023) in the plan year preceding the plan year being tested. If we are testing the 2024 plan year, then we will use the figure for 2023 (\$150,000).
- A firm may elect to limit the number of HCEs to 20% of all employees — referred to as the “Top-Paid Group.” This provision must be elected in the plan's adoption agreement.
- Anyone with greater than 5% ownership **cannot be excluded** as a result of the Top-Paid Group election.



ADP/ACP Testing in 401(k) Plans

- The ADP/ACP tests compare two groups:
 - Highly compensated employees (HCE)
 - Non-highly compensated employees (NHCE)
- Tests are performed in one of two methods:
 - The Current Year Method of Testing compares the ratio of current year highly compensated employees to the ratio of current year non-highly compensated employees.
 - The Prior Year Method of Testing compares the ratio of current year highly compensated employees to the ratio of prior year non-highly compensated employees.

*The testing method to be used must be elected in the plan.



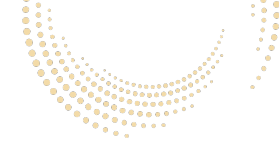
ADP/ACP Testing in 401(k) Plans

Test results are communicated to the plan administrator in an email

- Passing Test Results:
 - Enclosed are the results of the 401(k) Discrimination Testing. The enclosed test was based on the eligibility, compensation and deferral information provided by your firm. The current year non-highly compensated average deferral percentage was used to measure the allowable highly compensated percentage.

NON-DISCRIMINATION TEST RESULTS	ADP	ACP
Highly Compensated Employees – Current Year	5.00%	2.00%
Non-Highly Compensated Employees – Current Year	3.00%	3.00%
Maximum Percent to Pass (Average HCE Limit)	5.00%	5.00%
Pass / Fail	Pass	Pass

Based on December 31, 2023, information reported to us, we have determined that your plan **passes** the ADP 401(k) salary deferral /ACP (Match) discrimination tests.



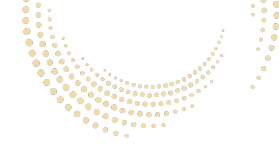
ADP/ACP Testing in 401(k) Plans

Test results are communicated to the plan administrator in an email

- Failing Test Results:
 - Enclosed are the results of the 401(k) Discrimination Testing. The enclosed test was based on the eligibility, compensation and deferral information provided by your firm. The current year non-highly compensated average deferral percentage was used to measure the allowable highly compensated percentage.

NON-DISCRIMINATION TEST RESULTS	ADP	ACP
Highly Compensated Employees – Current Year	6.00%	2.00%
Non-Highly Compensated Employees – Current Year	3.00%	3.00%
Maximum Percent to Pass (Average HCE Limit)	5.00%	5.00%
Pass / Fail	Pass	Pass

Based on December 31, 2023, information reported to us, we have determined that your plan **Fails** the ADP 401(k) salary deferral discrimination test and passes the ACP (Match) discrimination.

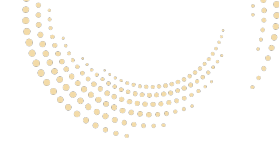


ADP/ACP Testing in 401(k) Plans

- In most cases, distributions must be requested on a “Corrective Measures for Contributions” Form to satisfy failures

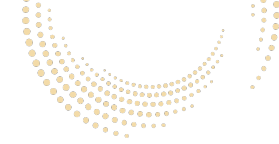
C. 401(k)/401(m) Discrimination Testing (Check all that apply)

- ADP Test Failed ACP Test Failed Both ADP and ACP Tests Failed
- Issue a refund of Roth 401(k) Contributions in the amount of \$ _____ for plan year _____ directly to the participant and forfeit applicable Matching Contribution of \$ _____.
- Issue a refund of Pre-Tax Elective Contributions in the amount of \$ _____ for plan year _____ directly to the participant and forfeit applicable Matching Contribution of \$ _____.
- Issue a refund from Post-Tax Employee Contributions in the amount of \$ _____ directly to the participant.
- Issue a refund of Matching Contributions made for this participant due to failure of the ACP Test in the amount of \$ _____ for plan year _____. The participant is _____% vested.



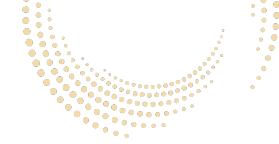
ADP/ACP Testing in 401(k) Plans

- Catch up Contributions and Distributions
 - A plan with highly compensated employees receiving a distribution for a failed test may first re-characterize as much of the distribution as possible as catch-up contributions.
 - Generally, catch-up contributions are permitted once a regulatory or plan limit has been reached:
 - “Regulatory limit” includes that year’s 401(k) elective deferral limit for a participant (\$23,000 for 2024 and \$23,500 for 2025).
 - “Plan limit” is the amount to which the HCE is limited due to internal limits imposed by your firm.



Top Heavy Testing for All Plans

- Top heavy testing is performed annually and is required for all plans other than certain safe harbor 401(k) plans.
- The purpose of the test is to determine the proportionate share of the plan assets attributed to the key employees.
- A plan is deemed top heavy if the key employees' portion of the overall plan's balance exceeds 60%.
- You must provide the Program with information on the firm's ownership, officer population, and compensation are necessary to conduct the test.



Top Heavy Testing for All Plans

Required Minimum Contribution

- If the plan is top heavy, the plan administrator may need to make a minimum contribution to non-key employees.
- The minimum contribution is the highest amount allocated to any key employee's account, capped at 3% of compensation.

Examples:

1. If one of the key employees defers 1% of compensation, and receives no other contributions, and it is the highest amount allocated to any key employee's account, the top-heavy minimum for the non-key employees is 1% of their compensation.
2. If one of the key employees defers 6% of compensation, and receives no other contributions, and it is the highest amount allocated to any key employee's account, the top-heavy minimum is capped at 3% of compensation.
3. If no key employee contributes anything (all sources) then there is no top-heavy minimum contribution required.



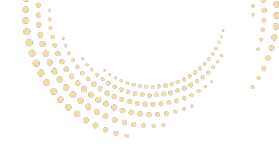
Top Heavy Testing for All Plans

2024 Key Employees – An employee is considered “key” for 2024 if at any time during the prior plan year he or she was:

- A greater than 5% owner;
- A greater than 1% owner with compensation in excess of \$150,000 or
- An officer of the firm with compensation in excess of \$220,000.
- A previous key employee who is still employed is not considered a key employee. If this classification applies to any participants on the census, please indicate that those participants are “Former Key Employees.” Account balances of Former Key Employees are not considered for top heavy testing.

Note: *If an employee is a Key Employee because he or she is a “greater than 5% owner,” then spouses and lineal ascendants and descendants who are also employees are considered Key Employees as well*

Non-Key Employees – Any employee who does not meet the above criteria



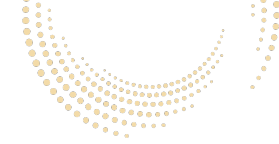
How the Program Assists You

ABA Retirement Funds Program Compliance Testing and Calculation Team:

- In January, the Program will email all plans to confirm they want testing and or calculations
- Once requested, the Program provides firm census to PA via email
- Upon receipt of census data and completed testing/calculation request form in good order, the Program produces ADP/ACP nondiscrimination testing (and calculations)

Plan Administrator:

- Requests census by selecting "yes" from Program's solicitation email.
- Once census received, PA completes census, verifying indicative data, noting changes in **bold** on the census
- Completes the compensation for each employee on the census
- **Adds any new employees not yet enrolled but eligible to participate in the plan to the census (ADDL tab)**
- Completes the Contribution Calculation and Discrimination Testing Request Form.
- Completes the Top Paid Group Worksheet (if Top Paid Group is selected in the adoption agreement)



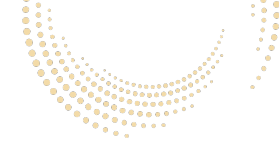
How the Program Assists You

The solicitation email* will include the following:

- Guidelines Document
- Glossary of Terms
- Contribution Calculation and Discrimination Testing Request Form
(to be completed by the Plan Administrator)

The census will be sent in an encrypted email once you respond to the solicitation and will include a copy of the Request Form and Top Paid Group worksheet, if applicable.

* Please note: the solicitation email is sent from abaretirement@phmurphyandcompany.com, so please add that email address to your "safe senders" so that it will go through.



Questions?

If you have any other questions, please call the applicable number for help:

- Sole Proprietors - **800.752.6313**
- Executive & Preferred Clients - **800.554.0073**
- Client Services - **877.275.3182**

Lines are open Monday through Friday, 9:00 a.m. to 5:00 p.m., (Sole Proprietors 8:00 a.m. to 8:00 p.m.), Eastern Time. You can also email us at contactus@abaretirement.com.

