

## Safe Harbor 401(k) Plans

Facing 401(k) challenges? Have your BPI Administrator review the design of your 401(k) Plan. If a 401(k) plan satisfies certain conditions, the ADP and/or ACP test is deemed to be satisfied. Also, the plan may be deemed to be **not** Top Heavy. That means less issues with failed ADP/ACP Tests, refunding participants and/or making additional contributions to satisfy required minimums.

Below is a chart\* that provides basic information regarding safe harbor 401(k) plan design options.

	Safe Harbor	QACA	SIMPLE
<i>Which employers can adopt?</i>	All nongovernmental employers	All nongovernmental employers	All nongovernmental employers with no more than 100 employees who earn \$5,000 or more (must be the only plan)
<i>Employee elective contribution limit</i>	(2022) \$20,500, plus an additional \$6,500 if age 50 or older	(2022) \$20,500, plus an additional \$6,500 if age 50 or older	(2022) \$14,000, plus an additional \$3,000 if age 50 or older
<i>Required Employer contributions (2022 limit on compensation used for plan purposes is \$305,000)</i>	1.) Basic Match of 100% of deferrals up to 3% of compensation plus 50% of deferrals above 3% to 5% of compensation OR 2.) Enhanced Match that is at least as much as the basic match at each tier OR 3.) at least 3% of compensation to each eligible employee even if they do not defer	1.) Basic Match of 100% of deferrals up to 1% of compensation plus 50% of deferrals above 1% to 6% of compensation OR 2.) Enhanced Match that is at least as much as the Basic Match at each tier OR 3.) at least 3% of compensation to each eligible employee even if they do not defer	1.) 100% of deferrals up to 3% of compensation OR 2.) 2% of compensation to each eligible employee (100% vested immediately)
<i>ADP/ACP Testing</i>	Exempt from ADP test; exempt from ACP test if only required contribution made	Exempt from ADP test; exempt from ACP test if only required contribution made	Exempt
<i>Additional contributions</i>	Allowed. If certain conditions are met, may still avoid ACP testing.	Allowed. If certain conditions are met, may still avoid ACP testing.	Not allowed

<i>Top Heavy testing</i>	Exempt if employer contributions limited to safe harbor required contribution and eligibility is the same for all contributions; otherwise not exempt.	Exempt if employer contributions limited to safe harbor required contribution and eligibility is the same for all contributions; otherwise not exempt.	Exempt
<i>Auto Enrollment</i>	Not required	Required. The default deferral rate must start at 3% and increase at least 1% annually to no less than 6% (10% maximum).	Not required
<i>Vesting</i>	Safe harbor contributions are subject to 100% immediate vesting.	Safe harbor contributions may be subject to a 2-year cliff vesting schedule.	Safe harbor contributions are subject to 100% immediate vesting.

*\*This chart is provided as an overview of certain plan designs. It is for informational purposes only and may not include all requirements for amending your plan and satisfying the safe harbor design. Please contact your BPI Administrator for additional resources and guidance for your specific 401(k) Plan.*