

CHECKLIST & TIMELINE FOR ESTABLISHING A QUALIFIED PLAN

IMPORTANT THINGS TO REMEMBER

PBS, Inc. services include: performing annual discrimination testing, reconciling plan assets by comparing investment statements and clients year end census records, preparing annual 5500 tax forms, and assisting with participant withdrawals.

5500 tax forms are required for all ERISA covered retirement plans and are filed online by seven months after the plan year end. An extension may be filed prior to the expiration of the seven month period to extend the 5500 due date another two and a half months. The penalty for late filings may be as great as \$300 per day.

Plans with **more than 100 participants** at the beginning of the plan year will require an audit by an independent auditor. (Fees for these services are charged by the independent auditor and can be \$10,000 or more).

The IRS regulations clearly define the due date for employee contribution deposits. For plans with under 100 employees, employee contributions must be deposited within 7 business days from the date of payroll or the plan is required to calculate lost earnings. Plans with greater than 100 employees must deposit employee contributions immediately. Employer contributions can be sent in at any time, but no later than the due date of your corporate returns.

401(k) plans can become **Top Heavy**. Most Top Heavy plans **REQUIRE** employers to make a 3% profit sharing contribution to all eligible employees. A good guideline for anyone wanting to avoid becoming Top Heavy, is to make sure that the total monthly deposits made for key employees (owners, officers, etc.) do not exceed the total monthly deposits for the rest of the employees. Plans making Safe Harbor contributions satisfy the top heavy contribution requirement.

401(k) plans also have to pass an **Average Deferral Percentage (ADP)** test. Please talk with the owner(s) and inform them that "Highly Compensated Employees" (defined as Owners, their linear relations and anyone making more than \$120,000 as indexed), may have their deferral contributions limited by the average percentage of deferrals contributed by the rest of the eligible employees ("Non-highly compensated employees").

To protect pension plan participants from possible fraud by individuals handling their funds, ERISA requires plans to purchase fidelity coverage for at least the value of 10% of the plan's assets. **These ERISA-required bonds** are inexpensive and normally obtained from the company's liability carrier.

Please provide us with complete **business ownership** information. Also, remember to ask owners of the business and their spouse if they have ownership of any other businesses and what that ownership percentage is (for potential control group issues).

Within 3 weeks, PBS, Inc. produces documents and routes them as instructed on the checklist.

Please contact PBS, Inc. if you have questions about any of the above.

Professional Benefit Services, Inc.

1193 Royvonne Ave. SE, Suite #22

Salem, OR 97302

503.371.7622 * (800) 982-2012 * Fax 503.364.6901

E.

Name of adopting employers:

3.

Plan Name:

Effective Date:

Plan Year: The 12-consecutive-month-period beginning the first day of

Trustee Name(s) & E-mail addresses:

Day-to-day contact person & E-mail:

4.

A. Age Requirement:

After reaching age * Cannot exceed age 21.

No age requirement

B. Service Requirement:

After completing 12 months of employment and 1,000 hours of service. (most common)

After completing: 1 month 3 months 6 months

Hours requirement in addition to monthly agreement (cannot exceed 1,000 hrs.)

No service requirement (all employees become eligible after meeting any age requirement above).

C. Entry Date: After meeting the age and service requirements, eligible employees will enter the plan at the

following frequency: Immediately Monthly Quarterly Semi Annually

D. Special Participation Date:

*Includes all employees who are employed on the plan's effective date.

E. Automatic enrollment:

*If yes, please call our office to discuss.

5.

6. CONTRIBUTIONS

Ej genlF gukt gf '623*m'E qpvt kd wklqp 'Hgc vwt gu'Dgmny '<

When will deferrals begin?

(Pre-tax and Roth deferrals are included by default)

Uchg"J ctdqt<(All SH contribution are 100% vested)

Safe Harbor Match 100% of the first 3% plus 50% of the next 2% of employee deferrals (total contribution limited to 4% of comp). * Safe Harbor Match contributions will be due on a payroll by payroll basis.

Enhanced Safe Harbor match (maximum of up to the first 6% of deferrals)

The following formula will be used

Safe Harbor 3% non-elective employer contribution for all eligible employees.

Prevailing Wage (Davis Bacon) contributions.

Note: At the employers discretion, contributions in addition to Safe Harbor can be made. Additional contributions above Safe Harbor will be subject to discrimination testing and the vesting schedule.

7. VESTING OF EMPLOYER CONTRIBUTION

(For non Safe Harbor contributions)

6 year graded (0, 20, 40, 60, 80, 100)

5 year graded (20, 40, 60, 80, 100)

4 year graded (25, 50, 75, 100)

3 year cliff (0, 0, 100)

Full + immediate

8. IN-SERVICE DISTRIBUTIONS

A. Allow Pre-retirement distributions	Age 59.5	No
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B. Hardship Distributions	Yes	No
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Note: Hardship withdrawals are subject to certain restrictions.

9. LOANS Allow For Loans: Yes No

Loan payments must be payroll deducted.

Failure to make timely payments will result in the loan being defaulted and becoming taxable.

Default loan policy allows: -2 outstanding loans

-Interest rate @ prime + 2%

-\$1,000 Minimum

-Maximum of \$50,000 or 50% of vested balance (whichever is less)

10. AGENT INFORMATION

Agent Name: Email:
Company:
Address:
Office Phone: Office Fax:

11. INVESTMENT COMPANY NAME

* Document will be delivered electronically directly to the trustee email address. If you'd also like a hard copy please let us know.

12. CPA INFORMATION

Name: Email:
Company:
Address:
Office Phone: Office Fax:

13. PAYROLL COMPANY CONTACT INFORMATION

Name: Email:
Company:
Address:
Office Phone: Office Fax:

15. EMPLOYER/ PLAN SPONSOR AUTHORIZATION

By signature, the following hereby approves the creation of the retirement plan stated herein and authorizes the preparation of all Plan Documents, Schedules, and other forms that are required and necessary. It is further understood there is a fee for the preparation and filing of said documents, forms, and schedules. Payment of fees are hereby authorized upon delivery to Employer / Sponsor of the prepared documents and itemized billing. *In addition, it is understood that changes to this information after the documents are prepared will result in additional fees.*

Authorized Employer / Sponsor Representative:

Print Name:

➤ Signature:

and signed this day of 20