

SAFE HARBOR 401(K) PLANS

Since the traditional 401(k) Plan was complicated and required on-going discrimination test, a new plan was born, *Safe Harbor 401(k) Plan*. It is a plan in which employees can defer up to the lesser of \$11,000 or 100% of compensation. The Employer must contribute either of the following two:

- Employer has to match 100% of employee's deferral up to 3% of compensation and 50% of deferral from 3% to 5% of compensation
- Alternatively, the plan may provide a 3% Safe Harbor Non-elective Contribution to all eligible participants

Both of the above scenarios must be 100% vested when contributed and may not be distributed the earlier of death, disability or separation from service.