

Guideline 401(k) Plan Features

Thank you for considering Guideline for your company's retirement plan needs. We've reviewed your current plan features and have compared them with what Guideline will provide:

Feature	Current Plan Settings	Guideline Proposed Plan Settings
Automatic Contribution Arrangement	None	6% Auto-enrollment
Safe Harbor Contribution	Safe Harbor Basic match	Safe Harbor Basic match
Profit Sharing Contribution	None	Pro rata
Minimum Age	21	21
Minimum Service	12 months, 1000 hours	3 months, 0 hours
Vesting Schedule*	None	Immediate
Excluded Employees	Union, Nonresident alien	Union, Nonresident alien, Leased

*Safe Harbor contributions always vest immediately

Listed below, you'll find additional features of Guideline's Plan Document. These are standard provisions that cannot be changed, so it's important that you review them before we proceed with next steps.

1. **Plan Year.** *Guideline uses the calendar year as the plan year (as opposed to plan sponsor's fiscal year).*
2. **Plan Trustee.** *The plan trustee will be a plan sponsor representative (ex: CEO or equivalent).*
3. **Plan Administrator.** *Guideline will take over as the 3(16) plan administrator.*
4. **Eligibility Determination.** *Guideline determines an employee's service by using months passed, as opposed to hours worked. This means that certain part-time employees will be eligible to participate in the plan so long as they are employed for the required number of months.*
5. **Excluded Employees.** *All employees are eligible to participate in the plan EXCEPT:*
 - a. *Union Employees*
 - b. *Nonresident Aliens*
 - c. *Leased Employees*

6. **Entry Date.** All employees will enter the plan after meeting eligibility requirements on the first day of the next pay period (or same day, if eligibility falls on the first day of the pay period).
7. **Normal Retirement Age.** Normal Retirement Age is 59 ½.
8. **Compensation.** Guideline defines plan compensation as W-2 wages.
 - a. Guideline determines plan compensation using the calendar year.
 - b. Guideline excludes compensation before plan entry from the definition of compensation solely for determining safe harbor contributions. All other contributions are calculated using full calendar year compensation.
 - c. Guideline includes leave cashouts and deferred compensation in the definition of post-severance plan compensation.
9. **Irregular pay.** 401(k) deferrals will be taken from all eligible W-2 compensation, which includes bonuses and commissions. Employees must actively change their deferral percentage on their dashboard if they do not want the same percentage taken from their bonus or other irregular pay.
10. **Catch-up Contributions.** If your plan has a match, Guideline will match on all catch-up contributions.
11. **Roth Contributions.** Roth 401(k) deferrals are permitted.
12. **Matching Limitations.** There is no stated limit on matching amounts, but Guideline limits employer contributions to 25% of total plan compensation. Participants can be employed any time during plan year to receive matching contributions.
13. **Profit Sharing Limitations.** An employee must be employed on the last day of the plan year to receive profit sharing - no waivers or exemptions. However, there is no additional service requirement for profit sharing beyond what is required to enter the plan.
14. **Related Entities.** An employee's service with any related entity will count toward eligibility to participate in the plan.
15. **Military Provisions.** HEART ACT accruals (for military service) are allowed. However, qualified reservist distributions and/or distributions for deemed service of employment (military) are not allowed.
16. **Distributions.**
 - a. Distributions upon termination of employment, death, or normal retirement age will be made in a lump sum only.
 - b. All distributions will be made in the form of cash only.
 - c. An employee's account must be distributed within 5 years of death.
 - d. Divorce does not automatically revoke the spouse as a beneficiary. The participant must actively change beneficiaries upon divorce.
17. **Force-out Provisions.** Participant consent is always needed for any distribution of any amount (no force-out provisions).
18. **Hardship Distributions.** Hardship distributions are permitted, with a minimum \$1000 distribution amount, and a maximum 2 distributions per year.
19. **In-service Distributions.** In-service distributions can be made from all accounts at Normal Retirement Age.

20. **Loan Provisions.** *Loans are participant-directed. The minimum amount of a loan is \$1000, and only one loan is allowed at a time. Loan balances are due and payable upon a distributable event. Loans are repaid by payroll deduction. Loans can be made from all accounts.*
21. **ERISA 404(c).** *Directed investments are permitted from all accounts (i.e., plan is a 404(c) plan).*
22. **Rollover Distributions.** *If an employee rolls funds into their Guideline account, those funds will follow the same distribution rules as for elective deferrals.*
23. **Nondiscrimination Testing.**
 - a. *Guideline uses current year testing for the ADP and ACP nondiscrimination tests.*
 - b. *The top paid group election will be used to determine the definition of HCE unless sponsor can demonstrate this would adversely affect nondiscrimination testing results.*
 - c. *Top heavy contributions are made to non-key employees only.*
24. **In-Plan Roth Conversions.** *Guideline does not allow in-plan Roth conversions or rollovers.*
25. **Life Insurance.** *Insurance is not permitted in the plan as an investment.*
26. **Employer Securities.** *Employer securities or employer real property may not be purchased in the plan.*
27. **Disability.** *There are no early distributions allowed for disability if still employed. However, employees can take hardship distributions.*

Please let me know if you have any questions about these features - I'm happy to discuss them with you. If you're comfortable with the summary, we can move forward with transferring your plan to Guideline.