

## A Comparative Look at 'Safe Harbor' Plan Design Options

|                                      | QACA  | 'Safe Harbor' Match   | 'Safe Harbor' 3%<br>Across-the-Board   | Max 'Safe Harbor'<br>Across-the-Board  |
|--------------------------------------|---|---|--|--|
| <b>Eligibility</b>                   | <ul style="list-style-type: none"> <li>Maximum entry date of 1/1 or 7/1 following 1 year of full time service</li> <li>Age Requirement - optional</li> <li>Hours Requirement - optional</li> </ul>                            | <ul style="list-style-type: none"> <li>Maximum entry date of 1/1 or 7/1 following 1 year of full time service</li> <li>Age Requirement - optional</li> <li>Hours Requirement - optional</li> </ul>                            | <ul style="list-style-type: none"> <li>Maximum entry date of 1/1 or 7/1 following 1 year of full time service</li> <li>Age Requirement - optional</li> <li>Hours Requirement - optional</li> </ul>                               | <ul style="list-style-type: none"> <li>Maximum entry date of 1/1 or 7/1 following 1 year of full time service</li> <li>Age Requirement - optional</li> <li>Hours Requirement - optional</li> </ul>                                     |
| <b>2015/2016<br/>Deferral Limits</b> | <50 years: \$18,000<br>50 or over: \$24,000   | <50 years: \$18,000<br>50 or over: \$24,000   | <50 years: \$18,000<br>50 or over: \$24,000  | <50 years: \$18,000<br>50 or over: \$24,000  |
| <b>Company Exposure</b>              | <b>Maximum Exposure: 3.5%</b> <ul style="list-style-type: none"> <li>Sponsor Matches 100% of first 1% of pay deferred; and 50% of next 5 % of pay deferred.</li> <li>EE must defer 6% of pay to receive full Match</li> </ul> | <b>Maximum Exposure: 4%</b> <ul style="list-style-type: none"> <li>Sponsor Matches 100% of first 3% of pay deferred; 50% of next 2% of pay deferred</li> <li>EE must defer 5% of pay to receive full Company Match</li> </ul> | <b>Maximum Exposure: 3%</b> <ul style="list-style-type: none"> <li>Sponsor contributes 3% of gross pay to ALL ELIGIBLE EMPLOYEES regardless of deferral amount</li> <li>Owner(s) may contribute up to 9% of gross pay</li> </ul> | <b>Maximum Exposure: 5%</b> <ul style="list-style-type: none"> <li>Sponsor contributes up to 5% of gross pay to ALL ELIGIBLE EMPLOYEES regardless of deferral amount</li> <li>Owner(s) may contribute up to 9% of gross pay</li> </ul> |
| <b>Enrollment</b>                    | <b>6% Auto-Enroll with "opt out"</b> <ul style="list-style-type: none"> <li>On Entry Date, EE is auto-enrolled at 6% of pay</li> <li>Prior to entry date, EE has option to "opt out" or reduce deferral amount</li> </ul>     | <b>Optional</b> <ul style="list-style-type: none"> <li>EE may defer any amount up to the maximum annual limit</li> <li>EE may elect \$ amount or %</li> <li>Deferral amount can be changed at any time</li> </ul>             | <b>Optional</b> <ul style="list-style-type: none"> <li>EE may defer any amount up to the maximum annual limit</li> <li>EE may elect \$ amount or %</li> <li>Deferral amount can be changed at any time</li> </ul>                | <b>Optional</b> <ul style="list-style-type: none"> <li>EE may defer any amount up to the maximum annual limit</li> <li>EE may elect \$ amount or %</li> <li>Deferral amount can be changed at any time</li> </ul>                      |
| <b>Vesting</b>                       | 2 Years of Service Required   | 100% Vesting Immediately  | 100% vesting Immediately   | 100% vesting Immediately   |
| <b>Main Advantages</b>               | <ul style="list-style-type: none"> <li>Safe-Harbor eliminates some Non-Discrimination Testing which benefits Owners and Highly Compensated Employees</li> </ul>   |   |  |  |
|                                      | <ul style="list-style-type: none"> <li>Higher participation levels</li> <li>Low Match Escalation</li> <li>Lower Match Exposure</li> </ul>   | <ul style="list-style-type: none"> <li>Philosophically aligned with Employers who prefer to "help those who help themselves"</li> </ul>   | <ul style="list-style-type: none"> <li>Sponsor can wait until Dec. 1 of each year to decide whether to make the Company Contribution</li> </ul>  | <ul style="list-style-type: none"> <li>Sponsor can wait until Dec. 1 of each year to decide whether to make the Company Contribution</li> </ul>  |
| <b>Disadvantages</b>                 | <ul style="list-style-type: none"> <li>Sponsor must be diligent about notifying soon-to-be eligible EEs about opportunity to opt-out</li> <li>Match tied to EE deferrals</li> </ul>   | <ul style="list-style-type: none"> <li>Match exposure escalates faster than with the QACA option</li> <li>Match is contingent on EE deferrals</li> </ul>  | <ul style="list-style-type: none"> <li>If decision is made to make the Company Contribution, it goes to all Eligible EEs, even those not deferring and who terminated in the Plan year</li> </ul>                                | <ul style="list-style-type: none"> <li>If decision is made to make the Company Contribution, it goes to all Eligible EEs, even those not deferring and who terminated in the Plan year</li> </ul>                                      |