

## FAQ's for Plan Providers

### What are my costs?

The usual costs to the company are the Administrative "Startup" and "Annual Admin." This varies by company according to the follow base-line schedule:

- |                           |         |
|---------------------------|---------|
| a. Start-up               | \$ 500  |
| b. Annual Admin           | \$ 1100 |
| c. Annual per Participant | \$ 36   |

### What are the costs to the participants?

The costs to the participants are deducted from their accounts:

- |                    |                          |
|--------------------|--------------------------|
| a. Custodial fee   | 0.25% per year           |
| b. Fund Management | 1.25% per year (average) |
| c. FFCG Asset Fee  | 1.00% per year           |

### Who is our "point-person" and how do we contact them?

Feddern Financial Consulting Group is your "first point of contact" for investment advice. Our 401(k) specialists will answer questions and assist in selection of investments best suited to the individual participant. Feddern Group advisors may be contacted through our website, individual email, direct phone numbers, or our toll free phone number.

### What are Safe Harbor Rules?

The highly compensated employees (HCE), defined as owners of 5% or more of the company OR employees who earn salary and bonuses of \$110,000, are limited in the amount they may contribute to the plan. HCE may only contribute approximately 2% more than the AVERAGE of all the non-highly compensated employees (Non-HCE)...including those with a ZERO deferral. This was designed to keep the plan from being what is called "top-heavy." In some situations, in order to allow the "highly compensated" HCE's to put in more than the above formula allows, a Safe-Harbor rule provision was established by the IRS which includes the following TWO options for the participants:

#### Option 1 – Safe Harbor Match

Match 100% of the first 3% And Match 50% of the next 2%. This totals 4% of the payroll of "only" THE EMPLOYEES who choose to contribute at least 5% to qualify for the match.

OR

#### Option 2 – Safe Harbor Profit Share

Provide a 3% Profit Sharing Contribution for all employees regardless of whether they chose to participate or not.

You may only choose one option -- The only requirement is to send a written notice near the beginning of the calendar year to ALL employees notifying them of the "opportunity." The Participants choose to participate OR not...it does not matter.

When the Plan Sponsor chooses a Safe Harbor contribution, the HCE's may contribute the maximum of \$16,500 and an additional \$5000 "catch-up" if they're OVER 50 years old. These contribution rules are automatically in affect for all the rest of the employees.