



## 401(k) Plan Features Checklist

Thank you for your interest in starting an employer-sponsored retirement plan with Saturna Trust Company. This decision marks an important milestone for your business, as it demonstrates your commitment to the long-term financial security of your employees.

Like anything else, setting up a retirement plan involves several procedural steps. The first step is to decide what features you want your plan to have. Of course, this process will raise many questions, not all of which can be answered easily. For example, the questions to consider might include: Are Roth contributions allowed? What about loans? Who will be eligible to join the plan?

The attached checklist is designed to help you decide what the answers to these questions will be. The selections you choose will shape the creation of the Adoption Agreement, which formally establishes the plan and its accompanying features. Our Employer Services Team is available to assist you with any necessary explanations of terms found in the checklist, and can be reached by calling **(833) STC-401K** (833-782-4015) or emailing **401k@saturna.com**.

Completed checklists can be returned to us at the following:

**Regular Mail:** PO Box N, Bellingham, WA 98227

**Express / Overnight Mail:** 1300 N State St, Bellingham, WA 98225

**Fax:** (360) 734-0755

**Email:** 401k@saturna.com

We look forward to working with you.

Thank you,

Saturna Employer Services

**Note:** The Adoption Agreement is an important legal instrument with legal and tax implications for which Saturna Trust Company cannot assume responsibility. Please consult with your own attorney or legal advisor with regard to adoption of this plan and its suitability for your business.

**Note:** If you are new to the retirement plan world, many of these terms will be totally unfamiliar, and the feature selection process may seem overwhelming as a result. If you fit into this category and do not want to worry about each choice, we can provide you with an Adoption Agreement that contains selections based on common choices made by other companies similar in size and composition to yours. To choose this option, please complete the Basic Employer Information section below, check the box immediately below it, sign the last page of the checklist, and return it to us.

**A. Basic Employer (Plan Sponsor) Information**

**Name of Adopting Employer:**

Full Legal Name

**Street Address:**

City

State

Zip

**Employer Identification Number:**

**Date Business Started:**

**Employer Fiscal Year End:**

**Phone Number:**

**Fax Number:**

**Name of Plan Contact:**

**Plan Contact Email:**

**Phone Number:**

**Type of 401(k) Plan requested:**

- Standard 401(k) Plan     Safe Harbor 401(k) Plan
- Profit-Sharing Plan     Solo 401(k) Plan

Internal Revenue Service (IRS) three digit Plan Sequence Number appearing on Form 5500 (for example, "001" if this is the first plan being sponsored):

**1. Is this a new plan?**

- Yes     No

If yes, the effective date of the new plan is:

If no, the original effective date was:

and the effective date of the amended and restated plan will be:

**Note:** The employer must have been in existence on the first day of the year in order to choose that date as the effective date. If this is a new plan making a profit-sharing contribution during the first plan year, it is recommended that you select the first day of the year in order to use full-year compensation. Otherwise, partial-year compensation will apply when determining the profit-sharing amount.

**2. First Payroll Period of the year:**

- Weekly: \_\_\_\_\_ (i.e. 1/1/XX-1/6/XX)
- Bi-Weekly: \_\_\_\_\_ (i.e. 1/1/XX-1/14/XX)
- Semi-Weekly: \_\_\_\_\_ (i.e. 1/1/XX-1/15/XX)
- Monthly: \_\_\_\_\_ (i.e. 1/1/XX-1/31/XX)
- Quarterly: \_\_\_\_\_ (i.e. 1/1/XX-3/31/XX)
- Annually: \_\_\_\_\_ (i.e. 1/1/XX-12/31/XX)
- Other: \_\_\_\_\_

**3. Business Entity:**

- C Corporation     S Corporation     Non-Profit
- Partnership     Limited Liability Company
- Limited Liability Partnership     Sole Proprietorship

**4. State of Organization of Plan Sponsor:**

**5. Total number of Eligible Participants:**

**6. Total number of Highly Compensated Employees (HCE) Eligible to Participate. (HCE: Earns more than \$125,000 annually):**

**Note:** We recommend that you consult with a tax professional before answering the following questions if you are unsure as to the existence of Related Employers.

**7. Is the Plan Sponsor a member of an affiliated service group?**

- Yes     No

If "Yes", please list all the members of the group (other than the Plan Sponsor):

**8. Is the Plan Sponsor a member of a controlled group?**

- Yes     No

If "Yes", please list all members of the group (other than Plan Sponsor):

I would like the Saturna Employer Services Team to create a plan document for me based solely upon the above information. I reserve the right to review and submit proposed changes to the drafted document upon receipt. (If plan is a Solo 401(k) plan, check this box regardless. If checked, skip to signature page).

**9. Investment Selection:**

- Saturna Only
- Saturna and Non Affiliated Funds

## B. Participant Eligibility

Describes which and when employees are eligible to participate. An employee must meet all age and service requirements before becoming a participant.

**10. Employees employed on or before \_\_\_\_\_**, whether they have met the age and service requirements or not, will be eligible for the plan immediately.

**11. Eligible Employees:** All employees of the employer will be eligible to participate except: *(Select the group you would like to exclude)*

- Collective bargaining employees.
- Non-resident aliens who do not receive any earned income from the employer which constitutes U.S. source income.

**12. Minimum Age Required for Eligibility:** To be eligible to participate an employee must have attained the age of \_\_\_\_\_ years. *(Not more than 21.) (If left blank, no minimum age will apply for eligibility.)*

**13. Minimum Service Requirement:** To be eligible to participate, an employee must have completed \_\_\_\_\_ year of service with the employer. *(Cannot exceed 1 year; if left blank, no minimum service will apply for eligibility.)*

**14. 1,000 hours of service will be required** to constitute a year of eligibility service, and 500 hours of service must be exceeded to avoid a break in eligibility service, unless otherwise indicated below:

Hours of service for a year of eligibility service *(no more than 1,000):*

\_\_\_\_\_

Hours of service to avoid a break in eligibility service *(no more than 500):*

\_\_\_\_\_

**15. Frequency of Entry Dates:** An eligible employee shall become a participant that is participating in the Plan: *(Select one. If left blank the first option will be deemed elected.)*

- On the first day of the first month and seventh month of the Plan Year.
- On the first day of each calendar month.
- On the first day of each Plan quarter.
- Immediately upon meeting the minimum age and minimum service requirements.

## C. Compensation Definition

**16. Compensation will mean:** *(Select one; if no selection is made below, the first option will be deemed elected.)*

**W-2 Compensation.** Tax Code §6041 and §6051 Compensation (W-2 Compensation).

Tax Code §6041 and §6051 compensation is better known as W-2 compensation. It is what is reported annually in Box 5 of Form W-2. Many employers prefer this definition because it is the information most easily provided by their payroll service providers. Similar to the §3401(a) definition, this definition excludes all pre-tax deferrals to 401(k), 403(b) and Section 125 plans. *(Defined as wages within the meaning of Code section 3401(a) and all other payments of compensation to an employee by the employer (in the course of the employer's trade or business) for which the employer is required to furnish the employee a written statement under Code sections 6041(d), 6051(a)(3), and 6052.)*

**Withholding.** Wages Subject to income tax withholding. This option excludes certain taxable fringe benefits provided by an employer that are not subject to withholding, such as group-term life insurance over \$50,000. *(Defined as wages within the meaning of Code section 3401(a) for the purposes of income tax withholding at the source.)*

## D. Elective Deferral Contributions

**17. Participant Elective Deferral Contributions:** *(Select one.)*

- A participant may elect to have his compensation reduced by an amount equal to a percentage of compensation from \_\_\_\_\_% to \_\_\_\_\_% in increments of 1%, up to the code section 402(g) limit. *(If left blank, the maximum will be 100%.)*
- Participation elective deferrals are not permitted. *(Check if only profit-sharing contributions are permitted.)*

**18. Roth Elective Deferral Contributions:** *(Select one; if no option is made below and box 1 of question 16 is marked, the first option will be deemed elected.)*

- Roth elective deferral contributions are permitted.
- Roth elective deferral contributions are not permitted.

## E. Employer Matching Contributions

*(If the 401(k) safe harbor provisions will apply to this plan, skip this section and go to part 6, Safe Harbor Employer Contributions.)*

**19. The employer will make matching contributions on behalf of each eligible participant as follows:** *(Select one.)*

- An amount equal to \_\_\_\_\_% of each participant's elective deferrals, not to exceed \_\_\_\_\_% of the participant's compensation. I.e. An amount equal to 50% of each participant's elective deferrals, not to exceed 5% of participant's compensation.
- An amount equal to \_\_\_\_\_% of each participant's elective deferrals for the first \_\_\_\_\_% of the participant's compensation contributed as elective deferrals, plus \_\_\_\_\_% of the next \_\_\_\_\_% of the participant's compensation contributed as elective deferrals. I.e. An amount equal to 100% of each participant's elective deferrals for the first 5% of the participant's compensation contributed as elective deferrals, plus 50% of the next 3% of the participant's compensation contributed as elective deferrals.
- Employer matching contributions are discretionary. If the plan decides to make a match contribution it will be paid to all eligible employees who contributed.
- Employer matching contributions are not permitted.

**20. How often will the matching formula be applied and a matching contribution made?**

- Every Payroll Period
- Annually

## F. Safe Harbor Employer Contribution/Matching

**21. The employer will make matching contributions on behalf of each eligible participant as follows:** *(Select one. If left blank the Basic Matching Contribution will be deemed selected.)*

- Safe Harbor Nonelective Contribution:** The employer will contribute and allocate to each participant an amount equal to \_\_\_\_\_% *(not less than 3% nor more than 15%)* of each eligible participant's compensation.
- Safe Harbor Basic Matching Contribution:** The employer will contribute and allocate to each participant an amount equal to 100% of the participant's elective deferrals up to 3% of the participant's compensation for the plan year, PLUS 50% of the participant's elective deferrals in excess of 3% of the participant's compensation but not to exceed 5% of the participant's compensation.
- Safe Harbor Enhanced Matching Contribution:** The employer will contribute and allocate to each participant an amount equal to \_\_\_\_\_% of each participant's elective deferrals up to \_\_\_\_\_% of the participant's compensation, PLUS \_\_\_\_\_% of the next \_\_\_\_\_% of the participant's compensation, but not to exceed 6% of the participant's compensation. *(Must be at least as generous as the Safe Harbor Basic Matching Contribution.)*

**22. Will the employer make an additional ACP test safe harbor match?**

- Yes  No

If yes, select one of the following:

- Percentage of contribution match: A contribution that equals \_\_\_\_\_% of the employee's elective deferrals that do not exceed \_\_\_\_\_% (not more than 6%) of the employee's compensation.
- A discretionary contribution equal to a certain percentage of the employee's elective deferrals that do not exceed a permissible percentage of the employee's compensation.

**23. The safe harbor contributions will be made to this plan on behalf of all eligible employees, unless otherwise indicated below:**

- The safe harbor contributions will be made to this plan on behalf of all non-highly compensated eligible employees.

**G. Profit-sharing Contributions**

**24. Profit-sharing contributions are: (Select one.)**

- Profit-sharing contributions are permitted and will be allocated in the ratio that each participant's compensation bears to the aggregate compensation for all qualifying participants.
- Profit-sharing contributions are not permitted.

**25. If not employed on the last day of the plan year, a participant must complete \_\_\_\_\_ hours of service (not more than 500) to receive a profit-sharing allocation. (If left blank, 500 hours of service will be deemed selected.)**

**H. Employee Rollover Contributions**

**26. Does the plan accept rollover contributions from qualified plans described in Section 401(a) or 403(a), 403(b) plans, 457(b) plans, and IRAs?**

- Yes  No

**27. If yes, are pre-participation rollover contributions permitted? (Select one; if no option is made below, the first option will be deemed elected.)**

- Pre-participation employee rollover contributions are permitted.
- Pre-participation employee rollover contributions are not permitted.

**I. Vesting**

**28. Employee contributions are always 100% vested.**

**29. Employer matching contribution and/or profit sharing vesting schedule. (Select one.)**

- No vesting schedule for employer contributions.
- 2-6 year graded

Years of Service:	0-2	2	3	4	5	6+
Percent Vested:	0%	20%	40%	60%	80%	100%

- 3 year cliff

Years of Service:	0	1	2	3+
Percent Vested:	0%	0%	0%	100%

- Other

Years of Service:	0	1	2	3	4	5	6
Percent Vested:	%	%	%	%	%	%	100%
Not less than:	n/a	n/a	20%	40%	60%	80%	n/a

**J. Loans and Withdrawals**

**30. Participant loans are: (Select one; if no option is made below, the first option will be deemed elected.)**

- Permitted.  Not permitted.

**31. Maximum number of outstanding loans at one time:**

\_\_\_\_\_ (1 if left blank)

**32. Minimum loan amount:**

\_\_\_\_\_ (\$1,000 if left blank)

**33. In-service withdrawals are:**

- Allowed on attainment of age 59½ from all of a participant's accounts that are fully vested.
- Not allowed.

**K. Plan Elections**

**34. Hours of service will be determined based on the actual hours worked, unless one of the options below is selected:**

- Elapsed Time – Credited service spans from the date of hire to the date of termination (when a break in service begins.)
- Days worked – An employee will be credited with 10 hours of service for each day worked.
- Weeks worked – An employee will be credited with 45 hours of service for each week worked.
- Semi-monthly payroll periods worked – An employee will be credited with 95 hours of service for each semimonthly payroll period worked.
- Months worked – An employee will be credited with 190 hours of service for each month worked.

**35. The normal retirement age for the plan will be 59½, unless another age is indicated here: (not to exceed age 65.)**

\_\_\_\_\_

**36. The plan year is the 12 consecutive months that coincide with the employer's fiscal year unless a different plan year end is indicated here:**

\_\_\_\_\_

**37. If hours of service with a predecessor employer will be included in determining eligibility, provide the name of the predecessor employer here:**

\_\_\_\_\_

**38. Income expectations for this portfolio:**

- Yes  No

**Note:** If no option is selected, Yes will be the default selection.

Provided that the employer meets the requirements of ERISA Section 404(c) and prudently selects a sufficiently broad range of investment alternatives for the employees, the employers may shift the responsibility for investment selection directly to employees and beneficiaries and remain substantially free from any liability for the performance of the investments selected by employees or beneficiaries. If the employer intends to have the plan meet the requirements of ERISA Section 404(c), the employer is responsible for ensuring that it takes the appropriate steps to do so, including but not limited to providing applicable notices and education to the employees and beneficiaries.

## L. Assumptions:

In addition to your elections above, we will prepare your documents based upon the following assumptions. **If you wish to change any of these assumptions, check the box next to the assumption that you wish to change. Such changes will be discussed through email or by conference call.** If this is a transfer of an existing plan, please review your current plan document to help you determine whether you wish to change any of these assumptions.

- ADP and ACP testing method.** For purposes of ADP and ACP testing, the current-year testing method will apply.
- Age 50 catch-up contributions.** All employees who are eligible to make elective deferrals under the plan and who reach age 50 before the close of the plan year will be eligible to make age 50 catch-up contributions. The matching contribution formula selected in question 18 will apply to catch-up contributions.
- Automatic enrollment.** Automatic enrollment of elective deferrals is not a feature in this plan. Elective deferrals will only be contributed to the plan upon the employee's request.
- Claiming excess elective deferrals.** A participant who claims excess elective deferrals for the preceding calendar year must submit the claim in writing to the plan administrator by March 1.
- Contributions to non-highly compensated disabled participants.** Non-highly compensated employee participants who have incurred a disability and no longer receive earned income from the employer will not be entitled to a profit-sharing contribution.
- Disability.** Disability is defined as the inability to engage in any substantial, gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or which has lasted or can be expected to last for a continuous period of not fewer than 12 months.
- Distributable events.** Assets from all contribution sources will be available for distribution upon termination of employment, attainment of normal retirement age, attainment of age 59½, disability, death, and upon termination of the plan.
- Distribution options for military personnel.** Qualified reservists can take a distribution of their elective deferrals. In addition, employees on active military duty for at least 30 days may take a distribution of their elective deferrals, qualified nonelective contributions (QNECs), and qualified matching contributions.
- Effective dates for elective deferrals.** If elective deferral contributions (pretax or Roth) are being allowed for the first time by this amendment, the effective date for the elective deferrals is the next payroll date coinciding with or following the later of the date the adoption agreement is signed or the effective date provided in question 1.
- Eligible computation period.** The initial eligibility computation period begins on the date of hire and extends to the first anniversary of that date. Once that initial period is completed, if an employee has not met the plan's eligibility requirements, the eligibility computation period will switch to the plan year. If elapsed time method is selected in question 33, the subsequent year period will be the 12-month period beginning with the employee's anniversary date of hire.
- Excludable employees.** Union employees, non-resident aliens, and employees acquired through a merger or acquisition are excluded from participating in the plan.
- Forfeitures.** Forfeitures are amounts attributable to employer contributions to which terminating participants are not entitled. Forfeitures of matching, excess aggregate, and profit-sharing contributions shall be applied to reduce future employer contributions, unless otherwise applied toward plan expenses.
- Hardship distributions.** Hardship distributions are permitted from elective deferrals, matching contributions, profit-sharing contributions, and rollover contributions and will be restricted to qualified expenses.
- In-Plan Roth Rollovers.** In-Plan Roth Rollovers are allowed in the plan. This provision cannot be changed.
- Integrated formula.** If an integrated contribution formula is selected, the excess integration formula will be used and the integration level will be 100% of the taxable wage base.
- Involuntary cash-outs.** If a terminated participant does not elect a distribution option and his or her vested account balance does not exceed \$1,000, that amount will be paid out of the plan in a single sum. A vested account balance of between \$1,000 and \$5,000 will be automatically rolled over to a Saturna Capital IRA unless another option is chosen by the participant within a reasonable amount of time. A vested account balance that exceeds \$5,000 requires the consent of the participant before it can be distributed. Rollover contributions will be included in determining the value of a participant's balance for involuntary cash-out purposes.
- Limitation year.** The limitation year will be the plan year.
- Qualified matching contributions (QMACs) and qualified nonelective contributions (QNECs).** QMACs and QNECs may be made to the plan at the employer's discretion and only in the amount needed to satisfy the ADP or ACP test. If the employer contributes QMACs, they will only apply to deferrals made by non-highly compensated employees. Other than meeting the plan's eligibility criteria, a participant will not have to satisfy any additional conditions to receive a QNEC or QMAC.
- Rollovers.** If rollover contributions are permitted, rollover contributions will be allowed for all employees who are not part of an excluded class.
- Separate election for bonuses.** A separate deferral election for bonuses is not available in the plan. The same deferral election percentage that applies to regular compensation will also apply to bonuses.
- Top-heavy contributions.** Any mandatory top-heavy contributions will be made to this plan and will be allocated only to non-key employees. The allocation of the employer contributions and forfeitures, if any, shall not be less than the percentage required to satisfy the top-heavy minimum allocation requirement. It will be assumed that the employer has not maintained a defined benefit plan.
- Transfers.** Transfer contributions will be permitted in the plan for all employees who are not part of an excluded class.
- Waiver of last day or hours of service requirement.** The last day requirement and the hours of service requirement, if selected, will not be waived due to death, disability, or attainment of normal retirement or early retirement age.
- Valuation Date.** The valuation date shall be the last day of the plan year.
- Vesting.** The measuring period for vesting service will be the plan year, unless elapsed time is selected in question 33, then vesting service is from the date of hire to the date of severance. All of an employee's years of vesting service with the employer will be counted to determine an employee's vested percentage. An employee will be fully vested upon death, disability (including disability while performing military service and unable to be reemployed), or the attainment of normal retirement age.

**M. Trustee and Authorized Individual**

Name of trustee / authorized individual: \_\_\_\_\_

Title: \_\_\_\_\_ Phone Number: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

**N. Employer Signature:**

I have read and understand the choices elected within this 401(k) Plan Checklist. I am authorized to sign on behalf of the employer, and the employer will take all actions necessary to implement the plan documents. The information provided in this checklist is correct and complete to the best of my knowledge. I understand that Saturna Trust Company will be creating an Adoption Agreement and plan document based upon the information in this checklist and has neither reviewed (if applicable) the prior plan document nor provided tax or legal advice regarding the document. I have been advised to seek independent tax or legal advice to assist me in establishing and maintaining this plan.

Name: _____	Title: _____
Grantor / Trustor Signature: _____	Date: _____