

Retirement Plan Overview

○ Quick Facts

- Retirement Plan Third Party Administrator (TPA)
- Founded in 1987
- 22 employees
- Responsible for 500 plans with 20,000 participants and \$1 billion in plan assets
- Clients range from one person plans to a publicly traded company with 1200 participants
- Locally owned and based on Solon, OH
- We are known for our hand-holding, problem solving and plan design.

○ The Noble-Davis Difference

- We know our clients by name
- Each plan has a single point of contact
- We determine who is eligible
- We compute all contributions
- We ask for minimal information and take responsibility for verifying information is correct
- We initiate all forms, notices and participant termination packages
- We recommend plan design options to enhance plan performance
- We give our clients peace of mind about their retirement

Retirement Plan Overview

- Retirement plans are established by an employer and provide income at retirement or defer income until retirement
- Retirement plans cannot discriminate in favor of the Highly Compensated Employees (generally, 5% owners and those who earn over \$130,000)
- Plan must have a written plan document that has to be updated regularly
- There are two main categories – Defined Contribution and Defined Benefit Plans
- Generally, money can only be distributed from a retirement plan due to termination of employment, disability, death or retirement
- Tax advantages make it appealing for employers to sponsor retirements plans
- Tax advantages also make it appealing for participants to contribute to a retirement plan
- A tax credit, known as the Retirement Savings Contributions Credit, is available for eligible contributions to a retirement plan and can reduce federal income tax up to 50 cents on the dollar.
- Money in a retirement plan grows tax deferred
- Catch up contributions are available in many plans to those employees who are age 50 or older
- There is a retirement plan that is right for any type of employer

Payroll Deduction IRA

Eligible Employer	<ul style="list-style-type: none">• Any employer
Key Advantage	<ul style="list-style-type: none">• Easy to set up and maintain
Employers Role	<ul style="list-style-type: none">• Arrange for employees to make payroll deduction contributions• Transmit contributions for employees to IRA• No annual filing requirement
Funding	<ul style="list-style-type: none">• Employee can decide how much to contribute
Maximum Annual Contribution (per participant)	<ul style="list-style-type: none">• \$6,000 for 2020
Catch Up Contributions	<ul style="list-style-type: none">• \$1,000 for 2020 (for employees age 50 or over)
Minimum Employee Coverage	<ul style="list-style-type: none">• Should be made available to all employees
Loans and Distributions	<ul style="list-style-type: none">• Withdrawals available at any time• 10% early withdrawal penalty if taken prior to age 59 ½• No loans
Rollovers/Transfers	<ul style="list-style-type: none">• Rollovers permitted from IRA to eligible retirement plan (special rules for Roth IRA)
Vesting	<ul style="list-style-type: none">• Contributions are immediately 100% vested
Timing	<ul style="list-style-type: none">• Can be set up at any time
Taxation	<ul style="list-style-type: none">• Employee contributions are not reported on W-2• Employees can claim the deduction on their 1040 form• No tax savings for the employer
Other	<ul style="list-style-type: none">• IRAs provide limited protection from creditors
Ideal for:	<ul style="list-style-type: none">• Employers who want to help their employees save for retirement with a minimal commitment

SEP (Simplified Employee Pension)

Eligible Employer	<ul style="list-style-type: none">• Any employer
Key Advantage	<ul style="list-style-type: none">• Easy to set up and maintain
Employers Role	<ul style="list-style-type: none">• Set up plan (Form 5305-SEP)• Transmit contributions for employees to IRA• No annual filing requirement generally• Bank or financial institution handles most of the paperwork
Funding	<ul style="list-style-type: none">• Employer can decide what to contribution year to year – not mandatory• Only employer contributions• The same percentage of compensation must be given for everyone who is eligible
Maximum Annual Contribution (per participant)	<ul style="list-style-type: none">• Up to 25% of compensation but no more than \$57,000 for 2020
Catch Up Contributions	<ul style="list-style-type: none">• N/A
Minimum Employee Coverage	<ul style="list-style-type: none">• Must be offered to all employees at least 21 years of age and• Employed by the employer for 3 of the last 5 years and• Had compensation of at least \$600
Loans and Distributions	<ul style="list-style-type: none">• Withdrawals available at any time• 10% early withdrawal penalty if taken prior to age 59 ½• No loans
Rollovers/Transfers	<ul style="list-style-type: none">• Rollovers permitted from IRA to eligible retirement plan
Vesting	<ul style="list-style-type: none">• Contributions are immediately 100% vested
Timing	<ul style="list-style-type: none">• Plan can be set up by the due date of the tax return (including extensions) for the year the contribution is desired
Taxation	<ul style="list-style-type: none">• Employer can take tax deduction for contribution• Retirement plan box should be checked on employee's W-2
Other	<ul style="list-style-type: none">• IRAs provide limited protection from creditors
Ideal for:	<ul style="list-style-type: none">• Employers with no employees or with high turnover• Employers who have large fluctuations in cash flow• Employers who don't realize they need a plan before EOY

SARSEP (Salary Reduction Simplified Employee Pension)

Eligible Employer	<ul style="list-style-type: none">• Any employer who already has a SARSEP (had to be set up prior to 1997)• Employers with 25 or fewer eligible participants• At least 50% of employees must participate
Key Advantage	<ul style="list-style-type: none">• Easy to set up and maintain
Employers Role	<ul style="list-style-type: none">• Set up plan• Transmit contributions for employees to IRA• No annual filing requirement generally• Bank or financial institution handles most of the paperwork
Funding	<ul style="list-style-type: none">• Employer can decide what to contribute from year to year• No matching contributions are allowed• Employees can choose to contribute to their IRA
Maximum Annual Contribution (per participant)	<ul style="list-style-type: none">• Up to 25% of compensation but no more than \$57,000 for 2020
Catch Up Contributions	<ul style="list-style-type: none">• \$6,500 for employees age 50 or over
Minimum Employee Coverage	<ul style="list-style-type: none">• Must be offered to all employees at least 21 years of age and• Employed by the employer for 3 of the last 5 years and• Had compensation of at least \$600
Loans and Distributions	<ul style="list-style-type: none">• Withdrawals available at any time• 10% early withdrawal penalty if taken prior to age 59 ½• No loans
Rollovers/Transfers	<ul style="list-style-type: none">• Rollovers permitted from IRA to eligible retirement plan
Vesting	<ul style="list-style-type: none">• Contributions are immediately 100% vested
Timing	<ul style="list-style-type: none">• Plan can be set up by the due date of the tax return (including extensions) for the year the contribution is desired
Taxation	<ul style="list-style-type: none">• Employer can take tax deduction for contribution• Retirement plan box should be checked on employee's W-2• Employee contribution should be in box 12 on W-2
Other	<ul style="list-style-type: none">• IRAs provide limited protection from creditors
Ideal for:	<ul style="list-style-type: none">• Employers who meet the requirements and have had their plan set up since 1996

SIMPLE IRA (Savings Incentive Match Plans for Employees)

Eligible Employer	<ul style="list-style-type: none">• Employer with 100 or fewer employees that does not currently maintain another plan
Key Advantage	<ul style="list-style-type: none">• Easy to set up and maintain
Employers Role	<ul style="list-style-type: none">• Set up plan (form 5304 or 5305)• Transmit contributions for employees to IRA• No annual filing requirement• Bank or financial institution handles most of the paperwork
Funding	<ul style="list-style-type: none">• Employee can decide what to contribute from year to year• Employer must make plan contributions – either:<ul style="list-style-type: none">○ 2% of eligible compensation to all participants○ Match of 100% on first 3% of deferral contributions
Maximum Annual Contribution (per participant)	<ul style="list-style-type: none">• Employee can contribute up to \$13,500 (in 2020)• Employer can provide 2% contribution or 3% match
Catch Up Contributions	<ul style="list-style-type: none">• Up to \$3,000 for those employees age 50 and over
Minimum Employee Coverage	<ul style="list-style-type: none">• Must be offered to all employees who have compensation of at least \$5,000 in any prior 2 years and are expected to have \$5,000 in current year
Loans and Distributions	<ul style="list-style-type: none">• Withdrawals available at any time• 10% early withdrawal penalty if taken prior to age 59 ½• No loans
Rollovers/Transfers	<ul style="list-style-type: none">• Rollovers permitted to SIMPLE IRA or eligible retirement plan (after 2 years of participation)
Vesting	<ul style="list-style-type: none">• Employee and employer contributions are immediately 100% vested
Timing	<ul style="list-style-type: none">• Plan document must be effective and signed prior to October 1st of the initial plan year
Taxation	<ul style="list-style-type: none">• Employer can take tax deduction for contribution• Retirement plan box should be checked on employee's W-2• Employee contribution should be in box 12 on W-2
Other	<ul style="list-style-type: none">• IRAs provide limited protection from creditors
Ideal for:	<ul style="list-style-type: none">• Employers who want salary reduction plan with little administrative paperwork

Profit Sharing Plan

Eligible Employer	<ul style="list-style-type: none">• Any non-government employer
Key Advantage	<ul style="list-style-type: none">• Has flexibility
Employers Role	<ul style="list-style-type: none">• Set up plan• Requires plan document (no model form available)• Annual filing of Form 5500 is required• May require nondiscrimination testing to ensure plan doesn't discriminate in favor of Highly Compensated Employees
Funding	<ul style="list-style-type: none">• Employer can decide what to contribute from year to year• No employee contributions
Maximum Annual Contribution (per participant)	<ul style="list-style-type: none">• Lesser of 100% of compensation but no more than \$57,000 for 2020
Catch Up Contributions	<ul style="list-style-type: none">• N/A
Minimum Employee Coverage	<ul style="list-style-type: none">• Must be offered to all employees at least 21 years of age employed for 2 years• Must pass minimum coverage test
Loans and Distributions	<ul style="list-style-type: none">• Withdrawals available after a distributable event (retirement, death, disability, severance from employment)• 10% early withdrawal penalty if taken prior to age 59 ½• May permit loans and hardship withdrawals
Rollovers/Transfers	<ul style="list-style-type: none">• Rollovers permitted to an IRA or eligible retirement plan
Vesting	<ul style="list-style-type: none">• Employer contribution can vest over a 6 year period
Timing	<ul style="list-style-type: none">• Plan must be set up before the end of the year for which contributions will be made
Taxation	<ul style="list-style-type: none">• Employer can take tax deduction for contribution• Retirement plan box should be checked on employee's W-2
Other	<ul style="list-style-type: none">• Qualified plans are protected from creditors
Ideal for:	<ul style="list-style-type: none">• Employers who are looking to share their profits and get a deduction for the plan contribution

Traditional 401(k) Plan

Eligible Employer	<ul style="list-style-type: none">• Any non-government employer
Key Advantage	<ul style="list-style-type: none">• Has flexibility• Allows high level of salary deferrals by employees• May include designated Roth program
Employers Role	<ul style="list-style-type: none">• Set up plan• Requires plan document (no model form available)• Annual filing of Form 5500 is required• May require nondiscrimination testing to ensure plan doesn't discriminate in favor of Highly Compensated Employees
Funding	<ul style="list-style-type: none">• Employer contributions are permissible but not required• Employee elective deferral contributions
Maximum Annual Contribution (per participant)	<ul style="list-style-type: none">• Employee Elective Deferrals up to \$19,500 in 2020• Lesser of 100% of compensation but no more than \$57,000 for 2020
Catch Up Contributions	<ul style="list-style-type: none">• \$6,500 for employees age 50 or over
Minimum Employee Coverage	<ul style="list-style-type: none">• Must be offered to all employees at least 21 years of age employed for 1 year• Must pass minimum coverage test
Loans and Distributions	<ul style="list-style-type: none">• Withdrawals available after a distributable event (retirement, death, disability, severance from employment)• 10% early withdrawal penalty if taken prior to age 59 ½• May permit loans and hardship withdrawals
Rollovers/Transfers	<ul style="list-style-type: none">• Rollovers permitted to an IRA or eligible retirement plan
Vesting	<ul style="list-style-type: none">• Employer contribution can vest over a 6 year period• Employee contributions are immediately 100% vested
Timing	<ul style="list-style-type: none">• Plan must be set up before the end of the year for which contributions will be made
Taxation	<ul style="list-style-type: none">• Employer can take tax deduction for contribution• Retirement plan box should be checked on employee's W-2• Employee contribution are shown in box 12 and are pre-tax
Other	<ul style="list-style-type: none">• Qualified plans are protected from creditors
Ideal for:	<ul style="list-style-type: none">• Employers who want to limit their contributions to employees• Employers who want to maximize their contributions• Safe Harbor contributions can eliminate testing requirements

403(b) Plans

Eligible Employer	<ul style="list-style-type: none">• Public education employers• 501(c)(3) organizations
Key Advantage	<ul style="list-style-type: none">• Allows high level of salary deferrals by employees• May include designated Roth program
Employers Role	<ul style="list-style-type: none">• Set up plan• Requires plan document (no model form available)• Annual filing of Form 5500 is required•
Funding	<ul style="list-style-type: none">• Employer contributions are permissible but not required• Employee elective deferral contributions
Maximum Annual Contribution (per participant)	<ul style="list-style-type: none">• Employee Elective Deferrals up to \$19,500 in 2020• Lesser of 100% of compensation but no more than \$57,000 for 2020
Catch Up Contributions	<ul style="list-style-type: none">• \$6,500 for employees age 50 or over• Special 403(b) catch up for those with 15 years of service
Minimum Employee Coverage	<ul style="list-style-type: none">• All eligible employees may elect to contribute• Must pass minimum coverage test for employer contributions
Loans and Distributions	<ul style="list-style-type: none">• Withdrawals available after a distributable event (retirement, death, disability, severance from employment)• 10% early withdrawal penalty if taken prior to age 59 ½• May permit loans and hardship withdrawals
Rollovers/Transfers	<ul style="list-style-type: none">• Rollovers permitted to a 403(b) or eligible retirement plan
Vesting	<ul style="list-style-type: none">• Employer contribution can vest over a 6 year period• Employee contributions are immediately 100% vested
Timing	<ul style="list-style-type: none">• Plan must be set up before the end of the year for which contributions will be made
Taxation	<ul style="list-style-type: none">• Employer can take tax deduction for contribution• Retirement plan box should be checked on employee's W-2• Employee contribution are shown in box 12 and are pre-tax
Other	<ul style="list-style-type: none">• Qualified plans are protected from creditors

457 Plans

Eligible Employer	<ul style="list-style-type: none">• State and local governments• Tax-exempt organizations
Key Advantage	<ul style="list-style-type: none">• Allows high level of salary deferrals by employees• May include designated Roth program
Employers Role	<ul style="list-style-type: none">• Set up plan• Requires plan document (no model form available)•
Funding	<ul style="list-style-type: none">• Employer contributions are permissible but not required• Employee elective deferral contributions
Maximum Annual Contribution (per participant)	<ul style="list-style-type: none">• Employee and Employer contributions up to \$19,500 in 2020
Catch Up Contributions	<ul style="list-style-type: none">• \$6,500 for employees age 50 or over (for governmental)• Special 457 catch up for those within 3 years of retirement
Minimum Employee Coverage	<ul style="list-style-type: none">• Special requirements depending on plan type• Does not need to pass a minimum coverage test
Loans and Distributions	<ul style="list-style-type: none">• Withdrawals available after severance from employment• May permit loans and hardship withdrawals
Rollovers/Transfers	<ul style="list-style-type: none">• Rollovers permitted to a 457 or eligible retirement plan
Vesting	<ul style="list-style-type: none">• Employer contribution can vest over a 6 year period• Employee contributions are immediately 100% vested
Timing	<ul style="list-style-type: none">• Plan must be set up before the end of the year for which contributions will be made
Taxation	<ul style="list-style-type: none">• Employer can take tax deduction for contribution• Retirement plan box should be checked on employee's W-2• Employee contribution are shown in box 12 and are pre-tax
Other	<ul style="list-style-type: none">• Protected from creditors (governmental)• Subject to claims of creditors (tax exempt)

Defined Benefit Plans

Eligible Employer	<ul style="list-style-type: none">• Any employer
Key Advantage	<ul style="list-style-type: none">• Provides fixed, pre-established benefit for employees
Employers Role	<ul style="list-style-type: none">• Set up plan• Requires plan document (no model form available)• Annual Form 5500 filing required• An actuary must determine annual contributions• PBGC premiums may apply
Funding	<ul style="list-style-type: none">• Primarily funded by employer• Contribution is required/mandatory
Maximum Annual Contribution (per participant)	<ul style="list-style-type: none">• Determined by actuary• Subject to nondiscrimination testing• Maximum annual benefits is the lesser of \$230,000 (in 2020) or 100% of participant's average compensation
Catch Up Contributions	<ul style="list-style-type: none">• N/A
Minimum Employee Coverage	<ul style="list-style-type: none">• Must pass a minimum coverage test
Loans and Distributions	<ul style="list-style-type: none">• Withdrawals available after a distributable event (retirement, death, disability, severance from employment)• Early withdrawals subject to 10% penalty• Loan permitted
Rollovers/Transfers	<ul style="list-style-type: none">• Rollovers permitted to an eligible retirement plan or IRA
Vesting	<ul style="list-style-type: none">• Employer contributions can vest over a 6 year period
Timing	<ul style="list-style-type: none">• Plan must be set up before the end of the year for which contributions will be made
Taxation	<ul style="list-style-type: none">• Employer can take tax deduction for contribution• Retirement plan box should be checked on employee's W-2
Other	<ul style="list-style-type: none">• Protected from creditors (governmental)
Ideal for:	<ul style="list-style-type: none">• Employers with substantial resources• Employers wishing to maximize contributions• Employers with steady and predictable cash flow