

	Safe Harbor	ACA Automatic Contribution Arrangement	QACA Qualified Automatic Contribution Arrangement	EACA Eligible Automatic Contribution Arrangement
<b>Eligible Plans</b>	401(k) plans and 403(b) plans.	401(k) plans and 403(b) plans.	401(k) plans and 403(b) plans.	401(k) plans, 403(b) plans and governmental 457(b) plans.
<b>Advantage(s)</b>	<p>Plan is exempt from top-heavy, ADP and ACP nondiscrimination testing and compensation ratio testing, so long as certain requirements are met and the following provisions are <b>not</b> included in the plan:</p> <ul style="list-style-type: none"> <li>-dual eligibility provisions (e.g. immediate eligibility for 401(k) plan and a one-year wait for safe harbor contributions)</li> <li>-additional non safe harbor contribution</li> <li>-last day of the plan year requirement to receive safe harbor contribution</li> <li>-non safe harbor definition of compensation</li> </ul>	<p>Achieves high level of participation and high level of salary deferrals by employees.</p> <p>ERISA preempts state withholding laws that prohibit involuntary wage withholding.</p>	<p>Achieves high level of participation and high level of salary deferrals by employees.</p> <p>Plan is exempt from top-heavy, ADP or ADP and ACP Nondiscrimination testing.</p>	<p>Achieves high level of participation and high level of salary deferrals by employees.</p> <p>An EACA permits (i) a penalty free withdrawal of automatic contributions within 90 days of first auto deferral; and (ii) a 6-month period to distribute excess contributions and excess aggregate contributions without the imposition of the 10% excise tax IF EACA covers all eligible employees.</p>
<b>Automatic Contribution Requirement</b>	No Safe Harbor Plans can include an ACA, QACA or EACA in their plan design.	Yes Uniform Percentage, with exceptions*.	Yes Uniform Percentage, with exceptions*.	Yes Uniform Percentage, with exceptions*.
<b>Automatic Escalation Requirement</b>	No	Optional	Yes Contributions must begin at minimum 3% and must automatically increase at least 1% annually (unless initial default rate begins at 6%).  The automatic employee contributions cannot exceed 15 percent of compensation in any year. However, the limit for the participant's first year cannot exceed 10 percent.	No
<b>Employer Contribution Requirements</b>	3% Non-Elective contribution to all participants.  OR  Basic Matching contribution of 100% of the first 3% deferred and 50% on the next 2% deferred. OR Enhanced Match: a formula that increases the matching contribution to 4%. Any other type of match cannot be less than 4% of pay. Cannot match in excess of 6% of pay to avoid ACP testing.	Not required	3% Non-Elective contribution to all participants.  OR  Matching contribution of 100% on the first 1% deferred and a 50 % match for all salary deferrals above 1 % but no more than 6% of compensation.	Not required



# COMPARISON OF SAFE HARBOR & AUTO ENROLLMENT OPTIONS: ACAs, QACAs & EACAs

	Safe Harbor	ACA Automatic Contribution Arrangement	QACA Qualified Automatic Contribution Arrangement	EACA Eligible Automatic Contribution Arrangement
<b>QDIA Investments</b>	Optional/Not required.	Optional/Not required.	Optional/Not required.	QDIA is not required for plan years beginning on and after January 1, 2008.
<b>Withdrawal</b>	No	No, unless also EACA.	No, unless also EACA.	Automatically enrolled participants can withdraw their contributions up to 90 days after the first contribution. The amount is subject to income tax but is not subject to 10% early withdrawal penalty. Reasonable normal distribution fee can be charged but not in excess of standard distribution fee.
<b>Vesting</b>	100% immediate with no allocation requirements (no last day or 1,000 hour requirements).	May vest over time according to plan terms.	100% after 2 years (2 year cliff or 2 year graded schedule permitted).	May vest over time according to plan terms.
<b>Which employees must be automatically enrolled when adopting a specific automatic enrollment plan provision?</b>	N/A	Plan may elect to cover new hires only or all employees eligible to make a deferral election under the Plan.	Plan must cover those employees without a previous affirmative deferral election (a 0% election is deemed an affirmative election).	Plan must cover all eligible employees to take advantage of the six-month ADP/ACP correction rule – otherwise 90 day withdrawal feature will not apply.
<b>Timing for adopting the plan provision.</b>	Prior to the beginning of the year, if a safe harbor contribution is provided. Additionally, a 401(k) plan can be converted to a safe harbor plan if a 3% non-elective safe harbor contribution is provided 30 days before the end of the plan year or a 4% non-elective safe harbor contribution is provided no later than the close of the following plan year.	Can be adopted at any time.	Must be adopted prior to the beginning of the plan year.	Must be adopted prior to the beginning of the plan year.
<b>Timing to Provide a Notice</b>	<p>(i) at least 30 days before the employee becomes eligible (no later than the date the employee becomes eligible if the plan is also an EACA), and</p> <p>(ii) within a reasonable period of 30 to 90 days before the beginning of each plan year.</p> <p>Safe harbor notices are not required if a safe harbor 401(k) safe harbor non-elective contribution only plan.</p>	<p>(i) at least 30 days before the employee becomes eligible (no later than the date the employee becomes eligible if the plan is also an EACA), and</p> <p>(ii) within a reasonable period of at least 30 (and no more than 90) days before the beginning of each plan year.</p>	<p>(i) within a reasonable period before the employee becomes eligible (no later than the date the employee becomes eligible; but if the plan has immediate eligibility, on the employee's first day of employment), and</p> <p>(ii) within a reasonable period before the beginning of each plan year (at least 30 days and no more than 90 days).</p>	<p>(i) within a reasonable period before the employee becomes eligible (no later than the date the employee becomes eligible), and</p> <p>(ii) within a reasonable period before the beginning of each plan year (at least 30 days and no more than 90 days is considered reasonable).</p>

	Safe Harbor	ACA Automatic Contribution Arrangement	QACA Qualified Automatic Contribution Arrangement	EACA Eligible Automatic Contribution Arrangement
<b>Distributing the Notice</b>	May be a written notice, or an electronic notice distributed in accordance with DOL and IRS regulations.	May be combined with QDIA, QACA or EACA notice.  May be a written notice, or an electronic notice distributed in accordance with DOL and IRS regulations.	May be combined with ACA or EACA notice and, if applicable, with QDIA notice.  May be a written notice, or an electronic notice distributed in accordance with DOL and IRS regulations.	May be combined with ACA or QACA notice and, if applicable, with QDIA notice.  May be a written notice, or an electronic notice distributed in accordance with DOL and IRS regulations.
<b>Employee Elections</b>	Not applicable.	Must give employees a reasonable period of time after receiving the notice and before contributions are first made to (i) elect not to participate or (ii) make a different level of contribution.	Must give employees a reasonable period of time after receiving the notice and before contributions are first made to (i) elect not to participate or (ii) make a different level of contribution.	Must give employees a reasonable period of time after receiving the notice and before contributions are first made to (i) elect not to participate or (ii) make a different level of contribution.
<b>Amending the plan going forward</b>	Plan can generally be amended mid-year as long as it does not incorporate specifically prohibited amendments. Generally, at least a 30 day safe harbor notice (and not more than 90 days) is required to be distributed to participants if any of the amendments affect a provision that was noted in the safe harbor notice provided prior to the beginning of the plan year. Suspension or reduction of safe harbor contributions by mid-year amendment will subject the plan to nondiscrimination testing for the entire year with notice at least 30 days prior to effective date of the amendment. If it is not practical to provide a notice 30 days in advance of an amendment, the notice must be distributed no later than 30 days after the date the change is adopted.	Can be amended during the plan year.	QACA must be implemented for entire 12-month period; suspension or reduction of safe harbor contributions by mid-year amendment will subject the plan to nondiscrimination testing for the entire year with notice at least 30 days prior to effective date of the amendment; an amendment to change from QACA to another type of safe harbor plan cannot be adopted mid-year: must adopt change prior to beginning of the next plan year with notice 30-90 days before beginning of the plan year. Otherwise, see Safe Harbor column description.	If amended to remove required EACA provisions, the 90 day withdrawal feature will no longer apply.

\* Default contribution percentage must be uniform, Except:

- Variations based on years of service;
- 402(g) limit;