



SUMMIT

Benefit & Actuarial Services, Inc.

ANNUAL LIMITS NOTICE

We would like to make you aware of recent legislative adjustments that may affect your plan. These adjustments are effective for plan years beginning in 2021.

1. The maximum annual addition (the total amount an individual can receive as contributions from all sources) for defined contribution plans (generally, 401(k)/profit sharing, money purchase and 403(b) plans) has increased in 2020 and is now \$58,000, but not to exceed 100% of compensation for the year.
2. Highly Compensated Employees are determined based on their previous year's compensation so any employee who earned greater than \$130,000 in 2020 will be considered Highly Compensated in 2021. Also, any employee who was a greater than 5% owner in either 2020 or 2021 will be considered Highly Compensated regardless of their compensation, as well as their parents, grandparents, spouse and children if they are also employees. Employees earning greater than \$130,000 in 2021 will be considered Highly Compensated in 2022.
3. The maximum salary deferral a participant can make to 401(k) or 403(b) plans (combined) is \$19,500. A participant who is 50 years of age or older at any time during the calendar year may also make an additional "catch-up" deferral, this remains unchanged at \$6,500. In addition to this "Age 50 catch-up," participants with 15 Years of Service with certain Employers sponsoring 403(b) plans may also be eligible for a "15-Year of Service catch-up." This additional "catch-up" is generally limited to \$3,000/year with a life-time maximum of \$15,000. Highly Compensated Employees participating in non-Safe Harbor plans are further limited by the results of the ADP testing requirements. We will advise you of these specific limitations.
4. The maximum annual compensation for a qualified plan calculation is now \$290,000.

Please notify your participants of the deferral limits in time for them to change their deferral elections before your first payroll in January. Please call if you would like us to walk you through this process.

Our goal is to ensure your plan's design maximizes your objectives within the constraints of the law. As the laws and limits change, we will continue to keep you informed of all relevant changes that may affect your plan. If your goals for the plan change, please let us know.