



## **401K Retirement Plan**

### Benefits

A 401 K Retirement Plan provides an employee benefits by reducing the withholding and income and income tax, as well as by providing a retirement investment. This document describes the basic concepts of the plan, please consult the Plan Document for all legal requirements and descriptions.

### Description

A 401K Retirement Plan provides a pre-Tax retirement savings account for employees, with All Stat matching 100% of the employees contribution, at the company's discretion, up to a maximum of 5% of the employees gross payroll for a given year, not to exceed \$1500. It is similar to an IRA (Individual Retirement Account) available through your local bank. The difference is that an IRA generally has a lower maximum contribution per person per year as a tax deduction and an IRA provides no matching funds from the employer.

### Matching Funds

For every dollar that the employee has withheld, All Stat will provide a matching amount up to 5% of the employees gross payroll for any given year, as described above and listed in the Plan Document.

For example, if the employee has \$1.00 withheld per paycheck, then All Stat may put an additional \$1.00 in the account for that employee – the end result is that the employee would have \$2.00 in their account. The Matching Funds are based upon a Vesting Period, as described below.

### Vesting

Each year that an employee works with All Stat, they become partially “vested” in the plan at a rate of 20% per year.

For example, if an employee puts \$100 into their plan in the first year and then leaves the company at the end of that year, the employee would receive their original \$100, plus 20% of the match which All Stat provided, plus interest.

If the employee left after the second year they would received their original \$100 plus 40% (20% x 2 years) of the match which All Stat provided, plus interest.

After 5 years, an employee is 100% vested which means that should they leave they would receive all of the money which they originally placed into their account plus 100% of the match which All Stat provided, plus interest.



### How it Works

An employee identifies a portion of money they would like to have withheld from their paycheck as a percentage of their paycheck. The money is deducted each paycheck before taxes and that amount is placed into an investment chosen by the employee.

The employee's taxes are then figured at this lower amount providing a tax savings for the employee.

At the end of the year, All Stat may provide, at its discretion, a matching portion of money up to 5% of each employee's gross income, not to exceed \$1500 per employee.

In this way, employees can earn up to 100% of their money plus the interest on their selected mutual fund account.

### Requirements of Participation

An employee must be with the company for 6 months to participate. An employee must work a minimum of 1000 hours in a given year to qualify for the employer match funds for that year. Vesting occurs at 20% per year based upon years of employment. An employee cannot contribute more than 15% of their gross payroll per year due to IRS regulations.

### Notes

A 401K is a long term investment – it is not a short term savings plan. Contact the office for details of the plan.