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Overview

All qualified plans must comply with Internal Revenue Code (IRC) nondiscrimination requirements. Compliance is demonstrated through a process called ‘nondiscrimination testing’ or NDT. If a plan fails to comply with the nondiscrimination testing requirements, it could be subject to penalties or disqualified, which may lead to current taxation of all plan assets. This is why it is imperative for plan sponsors to perform the required nondiscrimination tests and retain the results with the plan’s permanent records. In the event of an audit by the Internal Revenue Service (IRS), the plan sponsor must be able to provide the nondiscrimination test results for any plan year.

Testing is required to be completed within 12 months following the plan year end. However, there are additional due dates that must be met for the plan sponsor to avoid paying excise tax and to maintain qualified status of the plan.

Nondiscrimination testing includes the following tests and calculations. Note that all tests are not required for all plans.

- IRC Section 402(g) Maximum Deferral Limitation
- IRC Section 401(k) Actual Deferral Percentage (ADP) Test
- IRC Section 401(m) Actual Contribution Percentage (ACP) Test
- IRC Section 415(c) Annual Additions Limitation
- IRC Section 410(b) Minimum Coverage Tests
- IRC Section 416 Top Heavy Test

**NOTE:** A plan’s document will have details that will help determine what tests will be required and how the plan will be tested.
Below is a comparison chart of the most common nondiscrimination tests, describing how each test is performed, the data used for each test, and for which plan year the plan is being tested.

<table>
<thead>
<tr>
<th>Tests What?</th>
<th>ADP/ACP Tests</th>
<th>Annual Additions (415)</th>
<th>402(g) Deferral Limits</th>
<th>Minimum Coverage</th>
<th>Top Heavy</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Compares contribution rates of HCEs to NHCEs</td>
<td>Individual eligible employee limit</td>
<td>Individual eligible employee limit</td>
<td>Compares benefits of HCEs to NHCEs</td>
<td>Compares plan assets of Key EEs and Non-key EEs</td>
</tr>
<tr>
<td>Data Tested</td>
<td>Contributions and compensation</td>
<td>Contributions and compensation</td>
<td>Employee contributions</td>
<td>The % of employees benefiting in each category</td>
<td>Account balances and added back in-service withdrawals</td>
</tr>
<tr>
<td>Test Year Affected</td>
<td>Current Year</td>
<td>Current Year</td>
<td>Current Year</td>
<td>Current Year</td>
<td>Next Year (Prospective Test)</td>
</tr>
</tbody>
</table>
Testing Methodologies

The IRC and Treasury regulations allow plan sponsors some flexibility as to how the required nondiscrimination tests are satisfied. In some situations, plans may use a ‘safe harbor’ in lieu of the required testing. The cover letter that summarizes your plan’s test results will list the testing methodologies used to perform your plan’s nondiscrimination tests, as directed by you. Some of the primary testing concepts and optional methodologies are described in the following pages.

Compensation

Generally, three types of compensation are used for NDT: gross compensation, test compensation and compensation used to calculate participant contributions.

The compensation used to calculate participant contributions and perform nondiscrimination testing must be limited to the annual allowable amount in accordance with IRC Section 401(a)(17). Monitoring employer allocations to ensure compliance with this requirement is not part of Fidelity’s nondiscrimination testing service. Therefore, you should review the allocation of employer contributions to employees earning in excess of the compensation limit to ensure compliance with this requirement.

For more information on the types of compensation used, see The Guide to Compensation.

HCE Determination

Highly compensated employees (HCEs) are defined as 5% owners of the company and employees who earned compensation during the ‘look-back year’ (generally the 12-month period preceding the plan year) in excess of an indexed compensation threshold. However, employers may further refine this group by limiting HCEs to the top 20% of all employees within the employer’s controlled group, ranked by total compensation earned during the look-back year. This is referred to as the top-paid group election, which generally must be written into the plan document.

With limited exceptions, all employees (both eligible and ineligible) of the plan sponsor and all employees of companies who are considered related employers must be considered when determining the top-paid group (even if the related employer’s employees are not eligible for the plan). A related employer is an employer who is a member of a controlled group of corporations, a group of companies under common control or a member of an affiliated service group. Because a plan’s HCE determination will be affected,
please notify your Testing & Reporting Services if you are using the top-paid group election and did not provide compensation data for all employees.

**REMEMBER:** An employee contribution won’t be considered a catch up contribution until the maximum deferral limit or plan limit has been reached for the year. This is an important detail since 402(g) related catch up contributions are excluded for nondiscrimination testing purposes.

**Prior or Current Year Testing Method**

A plan sponsor may elect to use either the prior year or current year non-HCE ADP and ACP ratios when performing the ADP and ACP tests. This election must be specified in the plan document for each plan year being tested. Please note that current year ADP and ACP ratios must always be used for HCEs.

**Permissive Disaggregation Testing Method**

The Internal Revenue Code states that 401(k) plans may not require greater than one year of service and age 21 as requirements for plan eligibility, with semiannual entry dates. However, if a plan has eligibility requirements more liberal than the statutory requirements, the Code and Regulations allow plan sponsors to permissively disaggregate, or divide employees into separate groups for testing purposes, generally yielding more favorable results.

If permissive disaggregation is used for ADP/ACP testing, it must also be used to perform the IRC Section 410(b) minimum coverage tests. Therefore, if you have not elected to have Fidelity perform the required minimum coverage testing for your plan, you will need to share the test results provided by Fidelity with the firm who will be performing the required minimum coverage testing for your plan.

For more information, see the [Guide to Permissive Disaggregation](#).
Mandatory Disaggregation

The Internal Revenue Code requires plan sponsors to divide certain employees into separate groups for testing purposes. These groups include the following:

- Collectively bargained employees
- Plans maintained by more than one unrelated employer
- Plans benefiting employees of Qualified Separate Lines of Business (QSLOBs)
- Employee Stock Ownership Plans (ESOP)

**IMPORTANT NOTE:** All employees (both eligible and ineligible) of the plan sponsor and all employees of companies considered to be related employers must be considered when performing the minimum coverage tests (even if the related employer’s employees are not eligible for the plan).
The Testing Process

The nondiscrimination testing process is completed in four easy steps. The overall process begins when Fidelity sends the plan sponsor a notification (email) letting the plan administrator know it’s time to begin the plan’s testing. This email is generally sent at or around the end of the plan year to be tested.

Step 1: Provide Plan Information

The first step in the NDT process is to provide Fidelity with information about the plan and the plan year being tested. This information is gathered via the annual questionnaire(s). These questionnaires help Fidelity determine testing methods and ensure changes which occurred during the plan year are, when required, considered for testing purposes.

The answers to some questions may be pre-populated with information previously provided to Fidelity and confirmed for the plan year being tested. View the NDT Questionnaire Activity Chart for tips on answering questions.

Step 2: Prepare Participant Data File

Next, the plan administrator will gather employee data for the plan’s participant data file. This data should include:

- Payroll Data – Include all employees who were employed at any time during the plan year being tested.
- Employee Information – Social Security Number, Date of Birth, Date of Hire, Date of Termination (if applicable)
- Contributions – Include all contributions for all employees for the plan year being tested.

If you have previously submitted data to Fidelity for annual testing, you may be able to use the same template (provided it is still accurate) for this year’s testing. You may also use the year-end data file template as the starting point for your participant data file.

IMPORTANT NOTE: Steps 2 and 3 are not applicable for plans not submitting data via PSW®.
View the NDT Data File Instructions for additional information regarding participant data files.

**Step 3: Submit Data File & Check for Errors**

This information is then uploaded to PSW® and checked for errors or discrepancies. Once any applicable errors are fixed, the data is sent to Fidelity so the plan’s testing may begin.

Once testing has begun, Fidelity may periodically contact the plan administrator with requests for additional details on information the plan administrator provided. Generally, testing takes 10-15 business days, dependent on the complexities of the plan being tested.

**Step 4: View Test Results & (if necessary) Take Action**

Once testing is complete, Fidelity publishes the testing package to PSW® and sends a notification (email) to the plan administrator to review the results and take any required actions.

If the plan has failed any of the nondiscrimination tests, the plan will need to make corrections to satisfy the testing requirements. Review the Guide to Verify, Understand & Correct Test Results for more information on testing results.
### Correcting Test Failures

<table>
<thead>
<tr>
<th>Test Type</th>
<th>How is a test failure corrected?</th>
<th>Correction Deadline</th>
</tr>
</thead>
</table>
| **ADP Test – 401(k)** | Generally, a failed ADP test can be corrected using one of the following corrective actions:  
1. Distribute the excess contributions to the affected HCEs (Return of Excess/ROE)  
2. QNEC or QMAC  
3. A combination of 1 and 2 | 2 ½ months following the plan year end or the plan must pay a 10% excise tax on the amount of excess contributions |
| **ACP Test – 401(m)** | | |
| **Annual Deferral Limit Test – 402(g)** | Any matching employer contributions attributable to excess deferrals, plus any income and minus any loss shall be forfeited.  
If the employee participated in multiple plans sponsored by unrelated employers during the calendar year, the employee must notify one of the plan administrators and make arrangements to receive the excess deferral from one or more plans. | Corrective action must be taken by the plan administrator on or before April 15 (or applicable IRS taxation deadline), following the end of the calendar year in which the excess deferral occurred |
| **Annual Additions Limit Test – 415(c)** | The excess annual additions attributable to an employee’s elective deferral or after-tax contributions must be distributed to the participant.  
Excess annual additions attributable to employer matching or employer non-elective contributions are forfeited to the plan suspense/forfeiture accounts.  
Earnings attributed to the excess annual additions are included in the corrective distribution or amount forfeited.  
If an employee participates in more than one plan of the employer, the plan administrator must review all plan documents to identify the appropriate corrective action pursuant to the terms of the plans affected. | Corrective action must be taken by the plan administrator by 12 months after the close of the plan year in which the failure took place. |
| **Minimum Coverage Ratio Percentage Test – 410(b)** | 1. Amending the plan retroactively to benefit additional Non-Highly Compensated Employees.  
2. Aggregating this plan with other plans of the Employer, if applicable  
3. Utilizing an alternative test as allowed in IRC 410(b) called the Average Benefit Test. | 9 1/2 months after the end of the Plan Year |
| **Top Heavy Test - 416** | Make contributions to all non-key employees employed on the last day of the plan year and equal to the lesser of:  
• 3% of compensation or  
• A percentage equal to the highest benefiting rate of any key employee. | Contribution must be deposited by the last day of the following plan year. |
Initiating Test Corrections

The type of test correction needed will depend upon several factors, such as which test failed and the date when testing was complete. Some test failures have more than one option for correction. It is important to review your plan document and consult with legal counsel and/or a tax advisor before determining the best method for your plan.

This section will discuss the most common ways to initiate test corrections. Additional information on initiating test corrections is available in the ROE Overview.

Return of Excess Transactions

Return of Excess (ROE) transactions are processed through PSW® Service Requests or by completing the Fidelity Return of Excess (ROE) Authorization Form. You can submit the form via PSW®, by fax, or by mail. Fidelity's receipt of incomplete or unclear information may result in processing delays.

If request(s) are not received by the deadlines provided in the Year End documentation and/or with the required information for processing, distributions may not be processed and amounts may not be available for release by the dates required under the Internal Revenue Code and Treasury regulations, potentially causing your plan to be subject to penalties and/or disqualification. Please consult with your legal counsel to determine appropriate action for your plan.

Please review the ROE Overview for additional information regarding these test corrections.

The Employee Plans Compliance Resolution System (EPCRS)

The IRS has three types of plans available for plan sponsors under the Employee Plans Compliance Resolution System (EPCRS). One of the correction plans may be needed due to the following types of test failures and statutory limits:

- 402(g) Excess Deferrals and Related Orphan Matching Contributions (processed after 4/15),
- ADP and ACP Corrections and Related Orphan Matching Contributions (processed after the One Year deadline),
- 415(c) Annual Additions,
- 401(a)(17) Limit Failures, and
- Voluntary Plan Deferral Limit Excesses
TIP: The determination of how the various IRS EPCRS programs may be available and apply to the employer’s plan depends on specific facts and circumstances; plan sponsors should discuss them with legal counsel or a tax advisor before proceeding with plan corrections.

The three types of plans are described in more detail below.

**Self-Correction Program (SCP)**

Based on all the applicable facts and subject to certain additional requirements of EPCRS, generally if an operational error is insignificant, or it is significant and the correction of the error is completed within two plan years after the plan year the error occurred, plan sponsors may determine the action as indicated below is appropriate to correct the excess contributions in accordance with SCP which should be available to the plan sponsor subject to the requirements of Revenue Procedure 2013-12. If the error is significant and is not corrected until more than after two plan years after the plan year in which the error occurred, then the plan administrator, after consulting with its legal advisor, cannot use SCP to correct based upon requirements provided in Revenue Procedure 2013-12. If you submit a service request or the Fidelity Return of Excess (ROE) Authorization Form and the correction will be processed as a SCP correction unless you note that it is being corrected under VCP or Audit Cap.

**Voluntary Correction Program with Service Approval (VCP)**

VCP requires preparation of the appropriate IRS required documentation, filing it with the IRS along with the applicable IRS user fee; certain other requirements must be met as provided in Revenue Procedure 2013-12. The filing must describe the error and proposed correction method. The IRS will issue a compliance statement if an agreement regarding the correction is reached. The compliance statement will specify the corrective action required.

**Audit CAP Program**

The Audit CAP program applies when the IRS uncovers an error with the plan such as an uncorrected contribution excess. Under Audit CAP the forms discussed above may not apply. Please contact your Fidelity representative for information to correct excesses as directed by the IRS under the Audit CAP program.
Preventing Future Test Failures

The following are tips to prevent future test failures. Plan sponsors should consult with their tax advisor for additional steps/tips to prevent future nondiscrimination test failures.

<table>
<thead>
<tr>
<th>How can you reduce your chances of failing in the future?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ADP Test – 401(k)</strong></td>
</tr>
<tr>
<td>• Encourage increased participation of NHCEs who are eligible to participate.</td>
</tr>
<tr>
<td>• Limit or decrease the employee deferral contribution amounts for the HCEs.</td>
</tr>
<tr>
<td>• Consider offering an employer matching contribution as an incentive to participate.</td>
</tr>
<tr>
<td>• Consider amending the plan in order to operate as a safe harbor plan, which may deem the plan to pass the ADP test, ACP test, and may satisfy the minimum contribution requirement for a plan that is deemed to be top heavy.</td>
</tr>
<tr>
<td>• If the prior year testing method is elected in the plan document or adoption agreement, use the prior year’s non-highly compensated ADP results as a gauge to determine what the ADP should be for the HCEs. Limit the contributions for the HCEs using this gauge as a guide.</td>
</tr>
<tr>
<td>• Discuss alternative testing methods with a Testing &amp; Reporting Services representative.</td>
</tr>
<tr>
<td><strong>ACP Test – 401(m)</strong></td>
</tr>
<tr>
<td>• Encourage increased participation of NHCEs who are eligible to participate.</td>
</tr>
<tr>
<td>• Consider amending the plan in order to operate as a safe harbor plan, which may help enable the plan to pass the ACP test and satisfy the minimum contribution requirement for a top heavy plan.</td>
</tr>
<tr>
<td>• Discuss alternative testing methods with a Testing &amp; Reporting Services representative.</td>
</tr>
<tr>
<td><strong>Annual Deferral Limit Test – 402(g)</strong></td>
</tr>
<tr>
<td>The plan administrator should instruct its payroll vendor or internal payroll department to limit Employee Deferral Contributions for a calendar year to the specified limitation amount.</td>
</tr>
<tr>
<td><strong>Annual Additions Limit Test – 415(c)</strong></td>
</tr>
<tr>
<td>The plan administrator should review the plan provisions for all plans of the employer to ensure, in combination, they do not allow for annual additions in excess of the lesser of 100% of compensation or the annual indexed amount.</td>
</tr>
<tr>
<td>Minimum Coverage Ratio Percentage Test – 410(b)</td>
</tr>
<tr>
<td>------------------------------------------------</td>
</tr>
</tbody>
</table>
| • Consider designing the plan so it does not exclude certain groups of employees, controlled group members, or affiliated service group members. A plan excluding a group of employees, preventing them from being benefiting employees, is more likely to fail the Minimum Coverage Test (the ‘ratio percentage test’) than a plan with no exclusions.  
• Consider designing the plan so employees do not have to meet continuing eligibility requirements (employed on last day of the plan year or hours worked) to receive a benefit.  
Example: A plan may require an employee who has met the plan's age and service requirements also work a minimum number of hours during the plan year and/or be employed on the last day of the plan year to be eligible to receive an allocation of any employer contribution. A plan imposing this type of continuing eligibility requirement is more likely to fail the Minimum Coverage Test (’ratio percentage test’) than a plan with no such requirement. |

<table>
<thead>
<tr>
<th>Top Heavy Test - 416</th>
</tr>
</thead>
</table>
| • Encourage increased participation of non-key employees who are eligible to participate in the plan.  
• Consider amending the plan to operate as a safe harbor plan, which may deem the plan to pass the ACP test and may satisfy the minimum contribution requirement for a top heavy plan.  
• Reevaluate your contributions to all key and non-key employees. |
Frequently Asked Questions

Can I change the testing method for my plan?

The plan sponsor must elect in the plan document whether a plan will use the Prior Year Testing Method or the Current Year testing method for ADP and ACP testing. In general, the IRS anticipates a plan will select a testing method and retain it. However, they recognize there may be a need to reevaluate and occasionally change the testing method for a plan.

In order for a plan to change testing methods certain requirements must be met and the plan document must be formally amended to reflect the change. In general, a plan can change from the Prior Year testing method to the Current Year testing method. However, once the Current Year testing method has been selected, the plan is required to keep the Current Year testing method for a minimum of 5 years. There are certain exceptions for mergers and acquisitions, where a plan sponsor might maintain two plans with different testing methods.

An employer considering a change to the plan’s testing method should consult with its ERISA counsel to determine if such a change is appropriate. Refer to your plan’s document for additional information regarding the plan’s testing methods.

Who is responsible for tracking the 402(g) and 416 contribution limits?

The employer, as plan sponsor and plan administrator, is responsible for tracking contribution limits under Internal Revenue Code Sections 402(g) and 415.

Employers who prepare payroll through internal controls might want to consider placing deferral contribution limits within their payroll system to monitor the contribution limits.

What happens if an employee defers contributions over the annual 402(g) limit?

If an employee defers contributions over the annual 402(g) limit (not including any eligible catch up contributions), the excess amount as well as any earnings from that amount must be withdrawn by April 15th of the following year to avoid double taxation. There are four common reasons for a 402(g) excess:

1. The employee changes employers mid-year and deferred into multiple plans. Typically the new employer is not aware of the deferrals in the previous employer’s plan.
2. The employer changes their payroll provider mid-year and the year-to-date deferrals are not timely provided to the new payroll provider.
3. Manual payroll checks processed outside of the payroll system.
4. The employee transfers to another division or department that uses a different payroll system and the year-to-date data is not timely provided to the new payroll system.

Are unrelated employers always required to be disaggregated?

Yes, unrelated employer plans are always required to be disaggregated, even if there are only non-union employees in the plan. Each company must be tested as its own group.

What happens if the plan fails the 415(c) limit?

A 415(c) failure is covered under the IRS correction program EPCRS. Typically the correction involves processing a return of after tax deferrals first, unmatched deferrals second and, if needed, a proportional distribution of the matched deferrals and the associated match.

If we convert to a safe harbor plan, will that satisfy my plan's Top Heavy requirement?

It depends. A safe harbor 401(k) plan that makes no other employer contributions (forfeitures or additional employer contributions) will automatically satisfy the top heavy plan rules.

However, if the plan provides for additional employer contributions beyond the safe harbor match or safe harbor non-elective, such as the new comparability plans, then the top heavy requirement will NOT be satisfied.
Reports Included with Nondiscrimination Testing Results

Following is a description of the required nondiscrimination testing reports provided by Fidelity. Generally, the tests and reports are listed in the order in which they will appear in the detailed test report file provided for your plan. Some reports listed below will not appear with your plan’s results delivery letter if they are not applicable.

**402(g) Limit Report**

If any of your plan’s participants have excess deferrals, the participant and the amount of the excess deferrals will be listed in this report.

**ADP Nondiscrimination Test Report**

The ADP test compares the average percentage of employee pre-tax salary deferral and Roth contributions of eligible HCEs with the average percentage of pre-tax salary deferral and Roth contributions of eligible NHCEs for a plan year. The plan will satisfy the ADP test if the difference between the average percentages of the HCEs vs. the NHCEs falls within a specified range. A detailed listing of each employee’s ADP ratio, pre-tax salary deferral and Roth contributions, test compensation, and HCE status can be found on the ADP/ACP Nondiscrimination Test Report. Employees are displayed in descending order of test compensation, with HCEs listed first.

**ACP Nondiscrimination Test Report**

The ACP test compares the average percentage of employee after-tax and employer matching contributions of eligible HCEs with the average percentage of employee after-tax and employer matching contributions of eligible NHCEs for a plan year. The plan will satisfy the ACP test if the difference between the average percentages of the HCEs vs. the NHCEs falls within a specified range. A detailed listing of each employee’s ACP ratio, aggregate employee after-tax and employer matching contributions, test compensation, and HCE status can be found on the ADP/ACP Nondiscrimination Test Report. Employees are displayed in descending order of test compensation, with HCEs listed first.

**ADP Required Distributions Report**

This report lists the excess contributions by source. Excess contributions that are eligible to be classified as catch-up contributions must be retained by the plan and are listed under the heading ‘Total Excess Contribution Eligible for Catch-Up.’ Excess contributions that must be distributed to the participant are listed under the heading ‘Total Excess Cont. Not Eligible for Catch-Up.’ If employer matching
contributions attributable to excess contributions must be either forfeited or distributed to avoid issues with discriminatory rates of matching contributions, the forfeitable employer matching contributions will be listed under the heading ‘Orphan Match’ and will be forfeited to the plan, unless otherwise directed by the plan sponsor.

ACP Required Distributions Report

This report lists the excess aggregate contributions by source: matched or unmatched employee after-tax and employer matching contributions. Any non-vested excess employer matching contributions resulting from the failure of an ACP test will be forfeited.

Catch-Up Deferral Analysis Report

Elective (pretax and Roth) deferrals treated as catch-up contributions in accordance with Section 414(v) are disregarded for nondiscrimination testing. The Catch-Up Deferral Analysis Report lists all catch-up eligible employees and identifies the determination of their catch-up contributions. The following table provides additional information on some of the columns you may see in your report.

<table>
<thead>
<tr>
<th>Amount over 402(g)</th>
<th>Details the amount by which the participant’s elective deferrals exceeded the IRC Section 402(g) maximum deferral limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount over 415(c)</td>
<td>Details the amount by which the participant exceeded the IRC Section 415(c) annual additions limit, attributable to elective deferrals</td>
</tr>
<tr>
<td>Amount over Plan Limit</td>
<td>Details the amount by which the participant exceeded the plan’s deferral contribution limit (if applicable)</td>
</tr>
<tr>
<td>Excess Contribution Catch-Up</td>
<td>Shows the amount of any ADP excess contributions that are eligible to be classified as catch-up and retained by the plan</td>
</tr>
<tr>
<td>Total Catch-Up</td>
<td>Details the total employee deferrals classified as catch-up contributions for the year</td>
</tr>
<tr>
<td>Non-Catch-Up Employee Pretax Deferrals</td>
<td>Details the total employee deferrals made during the year that are not catch-up contributions</td>
</tr>
</tbody>
</table>

Plan Limit Report for Catch-Up Eligibles

This report lists all catch-up-eligible employees and details the determination of their catch-up contribution relative to the plan’s deferral limit. The following table provides additional information on some of the columns you may see in your report.

<p>| HCE | Identifies whether the employee is classified as highly compensated |
| Total Deferrals | Lists the employee’s total elective (pretax and Roth) deferrals to the plan |
| Deferral Compensation | Shows the amount of compensation that was eligible to be deferred to the plan (if provided) |</p>
<table>
<thead>
<tr>
<th><strong>Test Compensation</strong></th>
<th>Shows the amount of compensation that was included in the nondiscrimination testing</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Plan % Limit</strong></td>
<td>Lists the employee’s deferral limit for the plan year as a percentage of compensation</td>
</tr>
<tr>
<td><strong>Plan $ Limit</strong></td>
<td>Details the amount by which the participant exceeded the plan’s deferral limit for the plan year</td>
</tr>
<tr>
<td><strong>Plan Limit Excess</strong></td>
<td>Details the amount by which the participant exceeded the plan’s deferral limit for the plan year</td>
</tr>
</tbody>
</table>

**HCE Analysis Reports**

These reports provide additional details about how HCEs were determined.

**Look-Back Year HCE Analysis Report**

This report lists employees in descending order of their gross compensation for the look-back year.

**Current Year HCE Analysis Report**

This report lists employees in descending order of their gross compensation for the current plan year. Employees who have been identified as HCEs for the current plan year are coded as such in the right-hand column.

**Ineligible Report**

This report lists employees identified as ineligible for plan participation. Generally, this report should only include employees who have not met the plan’s eligibility requirements or who are in an ineligible job class for the entire year. For more information on eligibility, see [The Guide to Eligibility](#).

**Eligible without Test Salary Report**

This report lists employees identified as eligible for plan participation but for whom test compensation data was not provided. Many of the employees listed in this report may have terminated prior to the plan year being tested and weren’t not required to be included in the plan’s NDT. However, you should verify that none of the employees listed was eligible to participate in the plan for the plan year being tested.

**401(m) Ineligible Report**

This report lists employees who were disregarded for the ACP test because they were identified as ineligible to receive employer matching contributions or to make after-tax contributions. Only plans that
require employees to meet separate eligibility requirements in order to receive employer matching contributions and have no after-tax contribution feature will receive this report.

415 Test Report

This report lists all employees in the data file, each employee’s 415 compensation, total annual additions and those annual additions as a percentage of 415 compensation.

415 Test Exception Report

This report lists plan participants who had excess annual additions as well as the amount of the excess. The amount that appears under the heading ‘415 Comp’ should be equal to the employee’s 415 compensation for the limitation year. The amount listed under the heading ‘Annual Additions’ represents the total contributions provided to Fidelity for the employee for the limitation year.

415 Leveling Report

This report is provided if the 415 Test Exception Report is applicable to the plan’s testing. This report would follow the 415 Test Exception Report and lists the sources (employee elective deferrals, employee after-tax, or employer matching) from which the excess annual additions must be distributed or forfeited. Generally, this test should include all contributions attributable to the limitation year made to all qualified plans maintained by the employer. However, contributions made to an IRC Section 403(b) plan are generally required to be tested separately from contributions made to an IRC Section 401(a) plan.

NOTE: If you elected to have Fidelity perform minimum coverage testing for your plan, you will find a spreadsheet detailing your plan’s minimum coverage test results, separate from your ADP/ACP/415 test reports.
Additional Resources Available

Please note: some of the following resources may not be viewed unless logged into your PSW® account.

**VALUABLE TIP:** To locate a full list of educational content, once logged into your PSW® account, place your mouse over ‘Administer Plans’ in the menu bar. Then, click ‘**Learn More about Compliance**’ in the bottom right corner. This will open a window with our complete library of help content.

- Annual Compliance Calendar
- COLA Limits
- Compensation Chart
- Guide to Compensation
- Guide to Contributions
- Guide to Eligibility
- Guide to Permissive Disaggregation
- Guide to Mergers & Acquisitions
- Guide to Verify, Understand & Correct Test Results
- NDT Data File Instructions
- NDT Questionnaires Activity Chart
- Plan Year Season Preview
- Return of Excess Overview
- ROE/EPCR Authorization Form
- ROE Deadline Taxability Information
- Testing & Reporting Glossary
- Testing & Reporting Acronyms
- Year-End Data File Template