



Plan Sponsor Checklist: Are You Maximizing Contributions and Compliance?

How to Use This Checklist

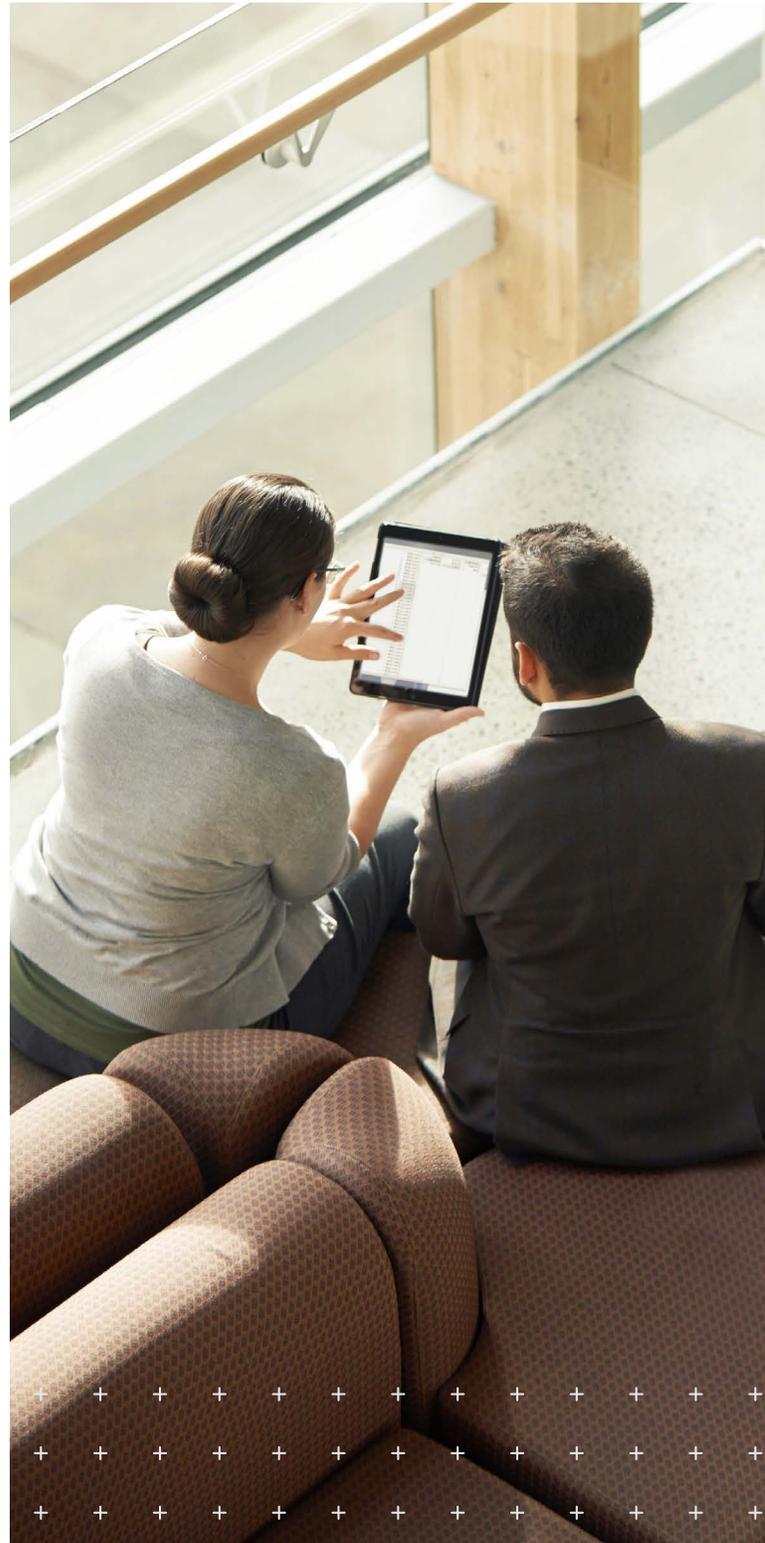
This is a practical checklist designed to improve overall plan design while ensuring that ADP and ACP testing failures are minimized.

Most people complete this checklist in 10-15 minutes. It's designed to promote discussion and inform plan sponsors, not dictate decision-making.

Referenced throughout this checklist are the following terms:

- + **ADP — Actual Deferral Percentage** — is the IRS nondiscrimination test that compares employee salary deferrals across income levels to ensure executives aren't saving significantly more than the rest of the workforce.
- + **ACP — Actual Contribution Percentage** — is the IRS nondiscrimination test that compares employer matches and after-tax contributions to ensure those benefits are distributed fairly.

Now let's get started!



The Growth Stress Test

When companies grow, increased employee participation becomes essential to ADP and ACP compliance. To assess your compliance risk and level of need for a redesign, check all of the following that apply:

- Our workforce has grown significantly in the last 3 to 5 years
- Compensation differences between executives and staff have widened
- Executives are not maximizing annual contribution limits
- We frequently adjust plan features to pass testing
- We have not reviewed plan design in more than two years
- We expect continued hiring or ownership transition

Is Your Retirement Plan Built for Growth?

If you checked several of the boxes in the stress test, your plan may benefit from advanced design strategies. Check any of these strategies you already employ:

- Implement automatic enrollment to boost plan participation among lower-participating employees
- Review eligibility rules to make sure every salary level can enroll
- Avoid exclusions of large employee segments that could weaken testing outcomes
- Evaluate rules for how soon new employees can enter the plan and consider earlier eligibility
- Provide clear employee education about retirement benefits and contribution options
- Include safe harbor plan options that can automatically satisfy ADP/ACP testing requirements

How Accurate is Your Payroll System?

The accuracy and efficiency of your payroll system is essential, preventing costly mistakes with compliance. Check any of these best practices already in place:

- Regularly reconcile payroll and retirement contribution data to catch errors
- Confirm employee deferrals match payroll elections and plan provisions
- Ensure compensation definitions and matching formulas are applied correctly
- Integrate payroll and recordkeeping systems to reduce manual entry
- Verify contribution limits and catch-up contribution handling, especially with new regulatory changes

Risk and Compliance Review

The strength of any retirement plan is only as good as its last compliance performance. Companies should set up structures for monitoring and oversight to accomplish the following:

- + Track participation rates, deferral percentages, and testing projections quarterly
- + Review plan effectiveness annually with HR, finance, and leadership
- + Update plan features in response to regulatory changes or workforce shifts
- + Ensure the plan supports both employee retirement readiness and executive savings goals
- + Monitor participation trends in high-turnover or variable-hour populations, where compliance risk is higher
- + Outsource complex compliance tasks if internal HR resources are limited

How IMA Can Help

Designing a retirement plan that fits the needs of your company and its workforce is not as simple as a quick checklist. That's why IMA Retirement is here, to walk you through the next steps.

Our goal is always to remove layers of complexity and to create a framework that makes fiduciary responsibilities more sustainable over time.

This checklist is intended as an educational resource and does not constitute legal advice. Plan sponsors should consult appropriate professionals regarding their specific fiduciary responsibilities.



Let's Connect



For assistance with your retirement needs, contact an IMA Retirement advisor at retirement@imacorp.com or 877.305.1864.

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