

**IN THIS ISSUE**

Safe Harbor 401(k) Plans:  
Annual Notice ..... 1

FYP: Asset  
Allocation Investor  
Questionnaire ..... 2

Compliance Corner -  
RMD and 2019 Limits ..... 3

Headlines and  
Deadlines ..... 4

Web Feature  
Spotlight ..... 4



# PLAN INSIGHT

*Helping Plan Sponsors better understand and administer their retirement plans with AXA Equitable*

## SAFE HARBOR 401(K) REQUIREMENT: PROVIDING ANNUAL NOTICE TO PLAN PARTICIPANTS

Employers with a safe harbor 401(k) feature in their retirement plan must meet two requirements to be able to take advantage of the safe harbor 401(k) regulations. One, they must make a matching contribution of (at least 100% of the first 3% of contributions and 50% of the next 2%) or at least a 3% Non-Elective contribution, and two, they must provide an annual notice to eligible employees.

The notice must be given to eligible employees no more than 90 days or less than 30 days before the beginning of the following plan year. For calendar year plans that means no earlier than October 1 or later than December 1. A sample notice was provided to plan administrators via e-mail or regular mail, if an e-mail address has not been provided. It is also available on the program website on the Forms tab on the employer home page. There are separate versions of the notice depending on whether your plan offers a Roth 401(k) contribution option.

This notice, including the Salary Deferral Election form, must be distributed to your eligible employees. You must get a signed Salary Deferral Election form

**Safe Harbor 401(k) Notice to Employees**

This notice and the Summary Plan Description (SPD) provide important information relating to your participation in your employer's retirement plan that you should consider before you decide to start, continue, or change your salary deferral agreement. You must sign and return the Salary Deferral Agreement included with this notice and keep a copy of the Notice to Employees and Salary Deferral Agreement for your records.

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Safe Harbor 401(k) Employer Contribution

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For the \_\_\_\_\_ plan year, the Employer elects to contribute to your account under the Safe Harbor 401(k) plan:

➤ **EMPLOYER: CHOOSE THE OPTION THAT YOU HAVE ELECTED ON YOUR ADOPTION AGREEMENT**

Non-Elective Contribution  
Equal to 3% of your compensation subject to IRS limits. If you have satisfied the plan's eligibility requirements, you will receive a non-elective contribution regardless of whether or not you choose to make salary deferral contributions to the plan.

Basic Matching Contribution  
A matching contribution on salary deferral contributions of 100% of the first 3% of compensation, plus 50% on the next 2% of compensation.

**Example.** You earn \$30,000 of compensation and you defer \$1,800 (6% of compensation) into the Plan. If you satisfy the conditions for receiving the safe harbor matching contribution, you will receive a safe harbor matching contribution equal to \$1,200. This is calculated based on a 100% match on the first \$900 (3% of compensation) deferred into the plan plus a 50% match on \$600 of deferrals (the deferrals above 3% up to 5% of compensation) for an additional match of \$300, giving a total matching contribution of \$1,200.

Enhanced Matching Contribution  
A matching contribution on salary deferral contributions based on the schedule below:

Salary Deferral Amount Compensation Level	Enhanced Matching Formula
1%	_____ %
2%	_____ %
3%	_____ %
4%	_____ %
5%	_____ %
6%	_____ %

from each eligible employee as proof that the notice was provided to them in a timely manner.

More information on the implications of not distributing the Safe Harbor 401(k) notice can be found at <https://www.irs.gov/retirement-plans/fixing-common-plan-mistakes-failure-to-provide-a-safe-harbor-401k-plan-notice>. If you have any questions on the notice requirement, please see the link for FAQs in the Plan Education Center or contact a Retirement Plan Account Manager.

## FOR YOUR PARTICIPANTS

# ASSET ALLOCATION INVESTOR QUESTIONNAIRE

Last month an Asset Allocation Investor Questionnaire was added to the participant website to assist participants in your plan with developing and maintaining an investment strategy for their retirement account.

The questionnaire has five investment-related questions that are used to make a high-level determination of a participant's risk tolerance and investing time horizon.

Based on these responses a sample asset allocation model is displayed to assist the participant in determining their investment strategy.

The new investor tool is available on the participant website login page as well as on the Asset Allocation tab after a participant signs onto the site.

**Asset allocation investor profile questionnaire**

Respond to the following questions to view your Risk Profile.  
Risk Profile and sample Asset Allocation model will display when all five questions have been answered.

Question	Answer
1. When it comes to investing, I would describe my level of knowledge regarding investment terms and experience investing my own assets as...	<input type="radio"/> No experience <input type="radio"/> Novice <input type="radio"/> Intermediate <input type="radio"/> Experienced
2. How would you describe your tolerance for the value of your investments going down?	<input type="radio"/> None, losing value in my portfolio would be very upsetting. <input type="radio"/> Low, will accept low level of risk and potential for my portfolio to lose value in order to have the ability for a small level of growth. <input type="radio"/> Moderate, will accept some risk and potential for my portfolio to lose value in order to have the ability to gain a moderate level of growth. <input type="radio"/> High, will accept high risk and an increased potential for my portfolio to go down in order to potentially achieve larger gains.

Based on your responses above...

♦ Your Risk Profile: Moderate

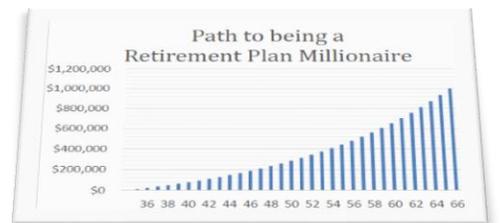
Asset Allocation Model:

Asset Class	Percentage
U.S. Large Cap	28%
U.S. Small Cap	8%
International Equity	14%
Fixed-Income	45%
Cash	5%

Moderate Allocation — seeks to provide current income and low to moderate capital appreciation.

## Saving in Your 401(k) Plan: How to Be a Retirement Plan Millionaire

In an ongoing effort to inform plan participants about the importance of saving for retirement, an educational slide was added to the participant web site illustrating how a participant can become a retirement plan millionaire with a consistent savings plan and an investment strategy, within their risk tolerance, that provides a market rate return over the long term.



While every participant will not be a retirement plan millionaire, the slide is designed to assist plan participants in developing their own plan, no matter what their retirement savings goal.

# compliance corner

## REQUIRED MINIMUM DISTRIBUTIONS

**Each year, participants who are age 70 ½ and older in retirement plans are required to take at least a minimum distribution from their account by December 31.** If you have any participants in your plan that are at, over, or are approaching age 70 ½ you should make them aware of this requirement.

To determine the required distribution amount, generally, you take the December 31 balance from the prior year and divide by the life expectancy for that participant based on an IRS uniform life expectancy table. For example, if a participant had their 72<sup>nd</sup> birthday in 2018 and an account balance on December 31, 2017 of \$256,000. The 2018 required minimum distribution would be \$10,000 (\$256,000 divided by 25.6 years (taken from the IRS life expectancy table)).

The program offers an automated minimum distribution service that participants can sign up for to make sure their minimum distribution is paid out on time each year. The penalties for non-compliance can be 50% of the amount that should have been distributed for the participant as well as plan qualification issues for the employer.

There are special rules for the first year when a participant attains age 70 ½. Please contact a Retirement Plan Account Manager for specifics on those rules or any other questions you may have related to required minimum distributions.

## NEW IRS LIMITS FOR 2019

**The Internal Revenue Service (IRS) just recently announced the new compensation and contribution limits for 2019.**

- The 401(k) contribution limit increased from \$18,500 to \$19,000.
- The maximum plan contribution limit increased from \$55,000 to \$56,000.
- The maximum compensation to be used in calculating contributions increased from \$275,000 to \$280,000.
- The catch-up contribution (for participants age 50 and over) limit remained \$6,000.
- The SIMPLE 401(k) contribution limit increased from \$12,500 to \$13,000.
- The SIMPLE 401(k) catch-up limit (for participants age 50 and over) remained \$3,000.
- The Social Security Wage Base for 2019 increased from \$128,400 to \$132,900.

The full list of the 2019 IRS limits is available on the program website.

# Web Feature Spotlight



## Notices/Forms

Plan Education Center	Plan Documents	<b>Notices / Forms</b>	Plan Assets
<b>AVAILABLE FOR DOWNLOAD OR VIEW ON-LINE</b>			
<b>Notices / Agreements</b>			
Qualified Default Investment Alternative (QDIA) Notice <b>AXA Moderate Version</b>	Qualified Default Investment Alternative (QDIA) Notice <b>1290 Retirement Funds Version</b>	Safe Harbor 401(k) Notice to Employees	
Safe Harbor Roth 401(k) Notice to Employees	SIMPLE 401(k) Salary Deferral Agreement	SIMPLE Roth 401(k) Salary Deferral Agreement	
Traditional 401(k) Salary Deferral Agreement	Traditional Roth 401(k) Salary Deferral Agreement		

<b>Forms</b>		
Contribution Remittance Form	Contribution Remittance Form - with Roth	Deferred Benefit Form
Designation of Beneficiary Form	Election of Benefits Form	Enrollment Form
Enrollment Form (Florida)	Enrollment Form (Illinois)	Enrollment Form (Maryland)
Enrollment Form (New Hampshire)	Enrollment Form (New Mexico)	Enrollment Form (New York)

The plan website is a good resource for information on your retirement plan. The Notices/Forms tab gives Plan Administrators access to important notices that must be distributed to participants in their plan at least annually as well as sample salary deferral agreements for new plan participants to complete when they enter the plan and for current participants who want to maintain or change their current election.

In the Notices/Agreement section plan administrators can find the Qualified Default Investment Alternative (QDIA) Notice that must be provided to participants by the end of each plan year as well the various annual notice and salary deferral agreements for each of the available 401(k) plan types.

Enrollment, benefit distribution and beneficiary forms are just some of the forms that Plan Administrators can find in the Forms section.

## HEADLINES AND DEADLINES

- Annual Required Minimum Distributions for participants who attained age 70 ½ before 2018 must be made by December 31, 2018. Participants who attained age 70 ½ in 2018 have until April 1, 2019 to take their first required minimum distribution.
- For calendar year plans – Annual Safe Harbor 401(k) Notices for the 2019 plan year must be distributed to eligible employees by December 1, 2018.

AXA believes that education is a key step for retirement plan participants toward addressing their financial goals, and we've designed this material to serve simply as an informational and educational resource for plan sponsors. Accordingly, this discussion does not offer or constitute investment advice and makes no direct or indirect recommendation of any particular product or of the appropriateness of any particular investment-related option. The needs, goals, and circumstances of plan participants and sponsors are unique, and they require the individualized attention of a financial professional.

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