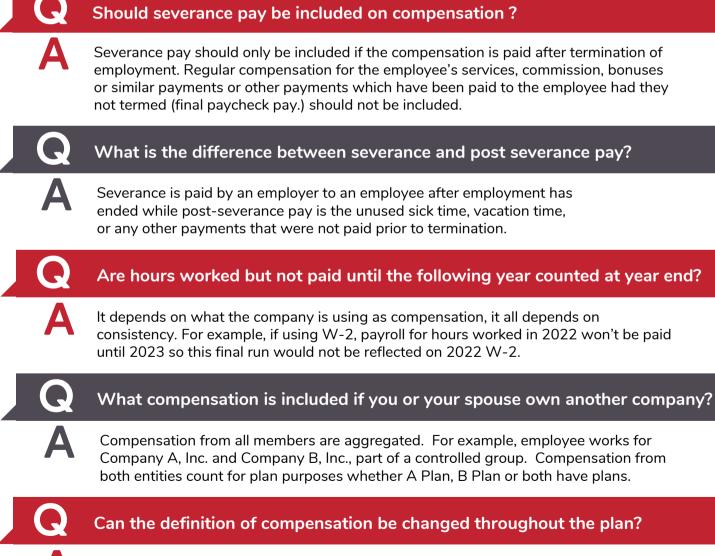
## UNDERSTANDING COMPENSATION FOR 401(K) PLANS.

<image>

Understanding the definition of compensation for purposes of your 401(k) plan is important because it is used to calculate employee deferrals, matching contributions, profit sharing allocations and is used to perform required nondiscrimination testing.

## Compensation FAQs: for your 401(k) compliance

Additional Information can be found at <u>https://www.irs.gov/pub/irs-tege/epchd304.pdf</u>



Yes, the definition of compensation can be changed from year to year. You can even use a different definition of compensation in different plans. But you must use the same definition for all employees in applying a particular provision like non-discrimination testing under 401(a)(4).