6.2. Allocations

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Set Allocation Parameters

Clicking on the Allocation row will expand the Allocation Parameters. Here you can enter details about how allocations should be handled in the plan and the necessary allocation formula(s). The options you see will be based upon the plan specifications (for example, if matching is not permitted in the underlying plan specifications, then options for matching allocations will not be available for selection).

Allocation Overrides

If employer contributions will be uploaded (not system calculated), the source specific overrides should be used. **The overrides must be set prior to running the data scrub**. If the employer contributions are uploaded and the overrides are set to no, the data scrub will zero out all of the contributions uploaded with the census. If this happens, set the source override (match or profit sharing, for example) to yes. Then, re-upload the census file and re-run the data scrub.

Matching Allocation

This section is where the safe harbor match and discretionary match formulas will be entered, as applicable, as well as any plan limits related to the match. The match formula (both safe harbor and discretionary) can have up to four rates. Below is an example of a discretionary match formula, where 100% of compensation will be matched on the first 3% of compensation deferred, plus an additional 50% will be matched on the next 2% of compensation deferred. Please note that in the second tier, 5% is entered as the maximum, not 2%.

Matching - Fixed Rates

Matching Contribution formula (if SH Match, enter number of added Tiers):	❓	2 rates ▾
Indicate whether max component of tier is percent or dollar amount:	❓	Percent ▾
Enter rate of Matching Contributions on first tier:	❓	100.000000
Enter maximum amount of Employee Contributions matched on first tier:	❓	3.000000
If two tiers, enter rate of Matching Contributions on second tier:	❓	50.000000
If two tiers enter maximum amount of Employee Contributions matched on second tier:	❓	5.000000

Top Heavy Allocation

Questions related to top heavy minimum allocations will be found here. The system will display the top heavy status for the current plan year. This is based on the prior year top heavy test or the Top Heavy Parameters, if overrides are used. If Top Heavy as of Determination Date is "Yes", a top heavy minimum allocation will be due. If this is "No", then no top heavy minimum allocation is due for the current plan year. If otherwise excludable employees should be excluded from the Top Heavy minimum allocations, that exclusion would be set in this section of the Allocation task. Also in this section is where the top heavy minimum allocation override is found. **The top heavy minimum override must be set to yes and a percentage entered if the plan has self employed persons.**

▾ Top Heavy Allocation		
Top Heavy as of Determination Date:	❓	No
Plan to which Top-Heavy allocations are made:	❓	This Plan ▾
Design of Plan automatically meets top heavy allocation requirements	❓	○ Yes / ◉ No
If Top-Heavy made in "This Plan", type of other plan maintained by the Company that covers employees eligible to participate in this Plan:	❓	N/A - No other plan ▾
Include Match in Top Heavy minimums for Non Keys:	❓	○ Yes / ◉ No
Participants who share in Top-Heavy minimum allocations:	❓	Non-Key only ▾
Exclude otherwise excludable employees from Top Heavy minimum allocations:	❓	○ Yes / ◉ No
Aggregation required:	❓	○ Yes / ◉ No
✚		
Override Top Heavy minimum allocation percent	❓	○ Yes / ◉ No
✚		

Nonelective Allocation

Both safe harbor and discretionary nonelective allocation formulas will be entered in this section. The safe harbor non-elective allocation must be entered as a percentage (cannot be a dollar amount). Pro rata and integrated nonelective allocations can be entered as a dollar amount or a specified percentage. When "Dollar" is used, the dollar amount entered will be allocated across the eligible participants, so that the total allocation equals the dollar amount entered here. When "Specified" is selected, the percentage entered is the percentage of compensation each participant will receive.

There is also a "Maximize" option that allows users to direct the software to compute the allocation by maximizing HCEs or a particular participant. Users select the amount to maximize as either the 415 limit or a fixed dollar amount.

If the plan has an Age weighted allocation, the user must have a dollar amount entered. Age weighted allocations cannot be allocated using percentages.

New comparability formulas will be allocated by groups. Users can enter a dollar, percentage or the greater of a dollar or percentage for each group. Note: the dollar or percentage entered is what is allocated to each eligible participant in the group.

Run Allocation

Clicking on the Allocation "Run" button from the tasks page will calculate employer contributions based on the allocation parameters. A pop-up box will open and display errors and overrides, if applicable.

Allocation Task Reports

The Allocation Task reports include the Allocation Report, Top Heavy Minimum Allocation Report, True-Up Report (if applicable), and Integration Report (if applicable). These reports are included at the bottom of the Allocation Task results window, but can also be accessed within the Reports button on the Tasks webpage.

If a contribution type is not applicable to the plan and the source is appearing on the Allocation Report, you can suppress the source on the Work with Sources screen in Plan Specifications.

As is the case for all the default reports on the system, if there is information you would like to see that is not in one of the predefined reports, go to the Other Import/Export/Reports Menu and add/review available grids.