



## The MAP Key – Glossary of Terms

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Every map needs a key, and every plan sponsor deserves a simple way to make sense of retirement plan terminology. This glossary is your quick-reference guide to the language of qualified plans. Whether you are reviewing reports, decoding acronyms, or discussing plan features, think of this as your built-in navigator. The explanations are written to be clear and approachable so you can stay in the driver's seat while we guide you through the technical details.

### **3(16) Fiduciary**

A fiduciary who agrees, in writing, to take on specific plan administration responsibilities normally handled by the employer. A 3(16) fiduciary can help reduce the employer's administrative burden but does not replace all fiduciary duties.

### **401(k) Plan**

A defined contribution plan that allows employees to defer part of their compensation on a pre-tax or Roth after-tax basis. Employers may also choose to make matching or profit sharing contributions.

### **403(b) Plan**

A plan similar to a 401(k) plan but available to certain public schools, churches, and nonprofit organizations.

### **Beneficiary**

The individual or entity designated to receive plan benefits in the event of the participant's death.

### **Amendment**

A formal change or addition to the Plan Document. Amendments may be required when laws change or when the employer wishes to adjust plan design features, such as eligibility or contribution formulas.

### **Attribution**

The IRS rules that assign ownership to related family members for testing purposes. For example, ownership by a spouse, parent, or child may be attributed to an employee even if they do not directly own part of the company.

### **Automatic Enrollment**

A plan feature that automatically enrolls eligible employees at a default deferral rate unless they elect otherwise. Automatic enrollment helps increase participation and may allow the plan to qualify for certain testing relief.

### **Cash Balance Plan**

A type of defined benefit plan that defines benefits as a hypothetical account balance, combining features of both defined benefit and defined contribution plans.

### **Catch-Up Contributions**

Additional contributions that participants age 50 or older can make to their retirement plan accounts beyond the standard deferral limit.

### **Deemed Distribution**

Occurs when a participant loan violates IRS rules, such as exceeding the maximum loan amount or failing to make timely repayments. A deemed distribution is treated as a taxable event even though the participant may not have actually withdrawn funds.

### **Deferrals**

Employee contributions made through payroll deduction to a retirement plan. Deferrals can be made in two ways:



- **Pre-tax deferrals:** Contributions made before income taxes are withheld. These reduce taxable income now, and taxes are paid later when withdrawn.
- **Roth deferrals:** Contributions made after income taxes are withheld. Qualified withdrawals in retirement are generally tax-free.

Timing of deposits - The Department of Labor requires employee deferrals to be deposited into the plan as soon as administratively possible after payroll is processed.

#### **Defined Benefit Plan**

A retirement plan that promises a specific monthly benefit at retirement, typically based on salary and years of service.

#### **Defined Contribution Plan**

A plan in which contributions are defined, but benefits depend on investment performance. Examples include 401(k) and profit sharing plans.

#### **ERISA**

The Employee Retirement Income Security Act, which sets standards for most voluntarily established retirement plans in private industry.

#### **Expense Account**

An account within the plan used to pay allowable plan-related administrative expenses.

#### **Fidelity Bond**

Plans must maintain an ERISA fidelity bond to protect against loss due to fraud or dishonesty. Some employers also carry fiduciary liability insurance, which covers errors in plan management. Both are reviewed during annual compliance to ensure proper protection is in place.

#### **Form 1099-R**

An IRS tax form issued when a participant receives a distribution from the plan, including rollovers, loans treated as distributions, or required minimum distributions.

#### **Form 5330**

An IRS form used to report and pay certain excise taxes related to retirement plans. It may be required for late deposits, prohibited transactions, or excess contributions.

#### **Form 5500**

Most qualified retirement plans must file an annual Form 5500 to report plan financial and operational details. This filing confirms that the plan remains compliant with reporting and disclosure requirements.

#### **Form 8955-SSA**

An IRS filing that reports participants who have terminated employment but still have vested benefits in the plan. This form helps the Social Security Administration notify former employees of benefits they may be entitled to later.

#### **Eligibility**

The requirements an employee must meet before they can participate in the plan, such as minimum age or service requirements.

#### **Entry Date**

The date an eligible employee can begin participating in the plan after meeting eligibility requirements.



### **Fiduciary**

An individual or entity responsible for acting in the best interests of plan participants when managing the plan or its assets.

### **Forfeitures**

Unvested employer contributions that employees lose when they terminate employment before becoming fully vested. Forfeitures can often be used to offset plan expenses or fund future contributions.

### **Highly Compensated Employee (HCE)**

An employee who meets certain ownership or compensation thresholds established by the IRS. HCEs are often subject to additional testing restrictions.

### **In-Service Distribution**

A withdrawal from the plan that some participants can take while still employed, typically after reaching a certain age or under specific conditions.

### **Key Employee**

Generally, an employee who is an officer earning above a certain compensation level, a greater than 5% owner, or a greater than 1% owner earning above a lower threshold. Key employees are used to determine whether a plan is top heavy.

### **Loan Provision**

Some plans allow participants to borrow from their account balance. The plan document specifies the maximum loan amount and repayment terms.

### **Long-Term Part-Time Employee**

An employee who has completed at least 500 hours of service in three consecutive years (two consecutive years beginning in 2025) and has reached age 21. These employees must be allowed to make salary deferrals to the plan even though they may be excluded from employer contributions.

### **Match Contribution**

An employer contribution that matches a portion of an employee's salary deferrals. The formula (for example, 50% of the first 6% deferred) may be defined in the Plan Document and may be discretionary or fixed depending on the plan design.

### **Non-Elective Contribution**

An employer contribution made on behalf of all eligible employees, regardless of whether they make their own deferrals. This type of contribution can take several forms, such as discretionary profit sharing, a required Safe Harbor Non-Elective Contribution (SHNEC), or other required contributions like a Top Heavy Minimum or Qualified Non-Elective Contribution (QNEC).

### **Non-Highly Compensated Employee (NHCE)**

An employee who does not meet the ownership or compensation thresholds to be considered a highly compensated employee. NHCEs are used as a comparison group for nondiscrimination testing.

### **Officer**

A company executive with significant responsibility in management or decision-making. Officer status can affect the key employee determination for testing purposes.

### **Owner Only Plan**

A retirement plan that covers only the business owner (and potentially their spouse). These plans are often simpler to administer because they are exempt from most nondiscrimination testing.



### **Participant**

Any employee or former employee who has satisfied the plan's eligibility requirements, even if they choose not to defer. A participant may also be someone with an existing account balance or accrued benefit under the plan.

### **Plan Administrator**

The individual or entity responsible for overseeing the plan's daily operations, often the employer or a third-party administrator.

### **Plan Document**

The legal document that governs how the plan operates. It includes detailed provisions such as eligibility, contributions, distributions, and vesting. The plan must always be administered in accordance with the Plan Document.

### **Plan Year**

The 12-month period used for recordkeeping, testing, and reporting purposes. It can be the calendar year or a different fiscal year.

### **Profit Sharing Plan**

A defined contribution plan funded solely by employer contributions. Employers may choose each year whether to contribute and how much.

### **Qualified Domestic Relations Order (QDRO)**

A court order that gives a spouse, former spouse, child, or other dependent the right to a portion of a participant's plan benefits.

### **Qualified Non-Elective Contribution (QNEC)**

An employer contribution made to the accounts of eligible non-highly compensated employees to help the plan satisfy IRS nondiscrimination testing. QNECs are always 100% vested when made and cannot be withdrawn until eligible for distribution.

### **Recordkeeper**

The service provider responsible for maintaining participant account balances, processing contributions, and recording investment activity. Recordkeepers also provide participant statements and access to account information.

### **Required Minimum Distribution (RMD)**

The minimum amount that participants must withdraw from their account each year once they reach the applicable age, as defined by IRS regulations.

### **Rollover**

A tax-free transfer of retirement funds from one plan or IRA to another.

### **Roth 401(k) Deferral**

A 401(k) feature that allows employees to make after-tax contributions, with qualified withdrawals generally tax-free at retirement.

### **Safe Harbor 401(k) Plan**

A Safe Harbor 401(k) plan automatically satisfies the ADP and ACP tests when specific employer contribution requirements are met. This design provides predictability and reduces administrative corrections since testing is generally not required.



**Safe Harbor Contribution**

A specific employer contribution type that automatically satisfies certain nondiscrimination tests. It may be structured as a matching or non-elective contribution.

**Summary Annual Report (SAR)**

A summary of the plan's annual financial report that must be distributed to participants after the Form 5500 filing.

**Summary Plan Description (SPD)**

A plain-language summary of the plan's terms, rights, and obligations, which must be provided to all participants.

**Third Party Administrator (TPA)**

A service provider engaged by the plan sponsor to assist with compliance testing, government filings, and general plan consulting. The TPA helps the plan sponsor ensure the plan operates according to the Plan Document and applicable regulations.

**Top Heavy**

A plan in which 60% or more of the total plan assets belong to key employees. If the plan is top heavy, minimum contributions may be required for other employees.

**Trustee**

The person or institution responsible for holding and investing plan assets in accordance with fiduciary standards.

**Vesting**

The process by which a participant earns "ownership" rights to employer contributions over time typically based on years of service.