

401(k) Retirement Plan

Policy Number: HR-BEN-004 **Effective Date:** January 1, 2019 **Last Updated:** January 1, 2024 **Owner:** Total Rewards Team **Applies To:** All US-based employees

Overview

NovaTech Solutions offers a 401(k) retirement savings plan to help employees build financial security for retirement. The company provides generous matching contributions to boost your savings.

Plan Highlights

Feature	Details
Eligibility	All US employees, age 21+
Enrollment	Immediate upon hire
Company Match	100% up to 4% of salary
Vesting	Immediate (100% vested)
Plan Administrator	Fidelity Investments

Eligibility and Enrollment

Who's Eligible

- All US-based employees
- Must be age 21 or older
- Full-time and part-time eligible

Automatic Enrollment

- New hires are automatically enrolled at **6% contribution rate**
- Automatic escalation: 1% increase annually up to 10%
- You may opt out or change your rate at any time

Changing Your Elections

1. Log in to Fidelity: netbenefits.fidelity.com
2. Select NovaTech 401(k) Plan
3. Go to "Contributions"

4. Adjust your contribution percentage
5. Changes take effect next payroll

Contribution Limits (2024)

Contribution Type	Annual Limit
Employee Pre-Tax/Roth	\$23,000
Catch-Up (Age 50+)	Additional \$7,500
Total (All Sources)	\$69,000

Contribution Types

Pre-Tax (Traditional) 401(k) - Contributions reduce current taxable income
 - Taxes paid upon withdrawal in retirement

Roth 401(k) - Contributions made with after-tax dollars - Qualified withdrawals in retirement are tax-free

After-Tax (Non-Roth) - Beyond standard limits - Can be converted to Roth (mega backdoor)

Company Match

Matching Formula

NovaTech matches **100% of the first 4%** of salary you contribute.

Example: - Salary: \$100,000 - You contribute: 4% (\$4,000) - Company matches: 100% (\$4,000) - Total annual contribution: \$8,000

Maximum Match

- Company match capped at 4% of salary
- Contributing more than 4% is great for savings but doesn't increase match

Match Eligibility

- Match applies to pre-tax and Roth contributions
- Calculated each pay period
- True-up at year end ensures full match if you max early

True-Up Provision

If you reach the contribution limit before year-end, NovaTech true-ups your match: - Ensures you receive the full annual match - Calculated and deposited in Q1 of the following year

Vesting

Immediate Vesting

- Your contributions: Always 100% vested
- Company match: **Immediately 100% vested**

This means if you leave NovaTech, you keep all contributions and match.

Investment Options

Available Funds

The plan offers diverse investment options: - Target Date Funds (Fidelity Freedom Funds) - Index Funds (Stock and Bond) - Actively Managed Funds - Company Stock Fund (limited to 10% of balance) - Stable Value Fund

Default Investment

If no selection made, contributions go to Target Date Fund based on assumed retirement age of 65.

Managing Investments

1. Log in to Fidelity NetBenefits
2. Select your 401(k) account
3. Go to “Change Investments”
4. Select funds and allocation percentages
5. Confirm changes

Rebalancing

- Automatic rebalancing available (quarterly/annually)
- Set up in NetBenefits under “Investment Features”

Loans and Withdrawals

401(k) Loans

You may borrow from your 401(k): - Minimum loan: \$1,000 - Maximum loan: Lesser of 50% of balance or \$50,000 - Interest rate: Prime + 1% - Repayment: Up to 5 years (15 years for home purchase) - Repaid through payroll deduction

Important: Loans must be repaid within 60 days if you leave NovaTech.

Hardship Withdrawals

Available for immediate financial need: - Medical expenses - Home purchase (primary residence) - Tuition - Funeral expenses - Preventing eviction

Requirements: - Exhausted other resources - Subject to income tax - 10% early withdrawal penalty if under 59½

In-Service Withdrawals

Limited withdrawals while employed: - After-tax contributions (non-Roth) - Rollover contributions - Age 59½ or older

Rollovers

Into NovaTech Plan

You may roll over from: - Previous employer 401(k) - Traditional IRA - Other eligible retirement accounts

Contact Fidelity to initiate: 1-800-555-0185

Out of NovaTech Plan

When leaving NovaTech: - Leave funds in plan (if balance > \$7,000) - Roll over to new employer plan - Roll over to IRA - Cash out (taxes and penalties may apply)

Employer Stock

NovaTech Stock Fund

- Available as investment option

- Limited to 10% of total balance
- Diversification encouraged
- Eligible for NUA treatment at distribution

Fees

Administrative Fees

- Annual account fee: \$0 (company paid)
- Transaction fees: \$0 for standard transactions

Fund Expenses

- Vary by investment option
- Target Date: ~0.10% expense ratio
- Index Funds: 0.02-0.05%
- Active Funds: 0.30-0.70%

View all fees in fund prospectuses on NetBenefits.

Tax Considerations

Current Tax Benefits

- Pre-tax contributions reduce taxable income
- Lower current tax bracket possible

Retirement Tax Treatment

- Pre-tax: Taxed as ordinary income at withdrawal
- Roth: Qualified withdrawals are tax-free

Required Minimum Distributions (RMDs)

- Must begin at age 73 (or when leaving company if later)
- Roth 401(k) has RMDs (unlike Roth IRA)
- Consider rollover to Roth IRA to avoid RMDs

Consult a tax professional for personal advice.

Resources

Fidelity Contact

- Website: netbenefits.fidelity.com
- Phone: 1-800-555-0185
- Representatives available M-F 8am-10pm ET

Financial Wellness

- Free financial planning consultations through Fidelity
- Schedule via NetBenefits or call
- Workshops and webinars available

Plan Documents

Full plan documents available: - NetBenefits > Plan Information > Plan Documents - Summary Plan Description (SPD) - Fund Prospectuses

Frequently Asked Questions

Q: When do my contributions start? A: First paycheck after enrollment is processed (typically within 2 weeks of hire).

Q: Can I change my contribution rate anytime? A: Yes, changes can be made anytime and take effect next payroll.

Q: What if I contribute too much? A: Fidelity automatically stops contributions at the IRS limit.

Q: Is there a Roth conversion option? A: Yes, in-plan Roth conversions are available. Contact Fidelity for details.

Q: What happens to my 401(k) if I go on leave? A: Contributions pause during unpaid leave. Loans continue via alternate payment.

Q: How do I name beneficiaries? A: Log in to NetBenefits > Profile > Beneficiaries.

Contact

For 401(k) questions: - Fidelity: 1-800-555-0185 - NovaTech Benefits: benefits@novatech.com - Slack: #ask-benefits

Related Documents: Benefits Overview (HR-BEN-001), Financial Wellness Resources (HR-BEN-025), HSA Guide (HR-BEN-010)