



TOP-HEAVY TEST WORKSHEET (for use with Salary Deferral SEP Plans only)

Before completing, please read the instructions on the back of this form.

Employer _____ Plan Year End _____
Month Day Year

Plan Name _____

This worksheet may not be valid if the Employer maintains another SEP plan and/or other defined contribution plan(s).

STEP 1.

Column A	Column B	Column C	Column D
Non-Key Employees	Non-Key Employees' Total Contributions*	Key Employees	Key-Employees' Total Contributions*
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			
STEP 2.		STEP 3.	

STEP 4. _____ + _____ = _____
Column B Total Column D Total All Employees' Total Contributions

STEP 5. _____ ÷ _____ = _____ %
Column D Total All Employees' Total Contributions

Total contributions means the sum total of all Employer contributions including Employee Salary Deferrals (referred to in the Plan as Elective Deferrals) made to this Plan for each Plan Year from the initial date of participation in this Plan through the last day of the prior Plan Year. The Employer should maintain a record of such contributions for each Employee in each Plan Year.

STEP 6. If the answer obtained in Step Five is 60 percent or less, then the Plan is not top-heavy for the Plan Year. If the answer obtained in Step Five, however, is more than 60 percent, then the Plan is top-heavy. Follow the instructions in Section 4.02 of the Basic Plan Document if the Plan is top-heavy.

INSTRUCTIONS FOR COMPLETING TOP-HEAVY TEST WORKSHEET

An employer who has adopted a salary deferral SEP plan must determine annually if the Plan is top-heavy to comply with Section 408(k)(1) of the Internal Revenue Code by subjecting the Plan to a top-heavy test. This testing procedure should be performed at the end of each Plan Year. If the test results reveal that the Plan is top-heavy for the Plan Year, the Employer may need to make a minimum contribution to the Plan on behalf of certain Employees (called non-Key Employees). A non-Key Employee is an employee who is not a Key Employee. An Employee is a Key Employee (as defined in Section 4.02 of the Basic Plan Document) if, at any time during the preceding Plan Year, he or she was

1. an officer of the company having annual compensation greater than \$180,000 (for 2019) and \$185,000 (for 2020) (this limitation may be adjusted for cost-of-living increases),
2. a five-percent owner of the company, or
3. a one-percent owner of the company with annual compensation exceeding \$150,000.

STEP 1.

- Column A** List all Employees who are not Key Employees, who have been in the employ of the Employer for the current or previous year.
- Column B** List the total of all Employer contributions including Elective Deferrals (Employee Salary Deferrals) made from the initial dates of participation in this Plan through the last day of the previous Plan Year on behalf of the non-Key Employees listed in Column A.
- Column C** List all Employees who are Key Employees, who have been in the employ of the Employer for the current or previous year.
- Column D** List the total of all Employer contributions including Elective Deferrals (Employee Salary Deferrals) made from the initial dates of participation in this Plan through the last day of the previous Plan Year on behalf of the Key Employees listed in Column C.

STEP 2. Add the total contributions in Column B of all non-Key Employees and enter in the space provided.

STEP 3. Add the total contributions in Column D of all Key Employees and enter in the space provided.

STEP 4. Add the total contributions of both non-Key Employees in Column B and of Key Employees in Column D together and enter in the space provided.

STEP 5. Divide the total contributions of all Key Employees in Column D by the total contributions of all Employees and enter in the space provided.

STEP 6. If the answer obtained in Step Five is 60 percent or less, then the Plan is not top-heavy for the Plan Year. If the answer obtained in Step Five, however, is more than 60 percent then the Plan is top-heavy. Follow the instructions in Section 4.02 of the Basic Plan Document if the Plan is top-heavy.