

# MEMO

[insert month] 2024

TO: All Highly Compensated Employees  
FROM: Management  
RE: **Notice of 2025 401(k) Contribution Refunds**

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The IRS requires that plan sponsors conduct several nondiscrimination tests each year. One of these tests may impact the maximum contribution limit for highly compensated employees (HCEs). For the 2024 plan year, HCEs are defined as employees who earned at least \$150,000 in 2023 or who owned more than 5% of the company (regardless of their compensation) at any time during 2024 or 2023.

**If you are receiving a refund in 2025 (for the 2024 plan year), the amount will be reported as income for the tax year in which the refund is made (2025).**