

# HCE vs NHCE

## Highly Compensated Employees (HCEs)

The Actual Deferral Percentage/Actual Contribution Percentage (ADP/ACP) tests compare deferral and matching contribution percentages of HCEs to those of Non-Highly Compensated Employees (NHCEs). As such, the correct identification and coding of HCEs is critical to an accurate test.

For the **2017** plan year, an HCE is any employee who was:

- Paid gross compensation over **\$120,000**, during the prior plan year (special rules for fiscal and short plan years), regardless of the amount of compensation actually paid during the plan year being tested;

Type of Limitation	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Highly Compensated (Lookback year Calculation)	120,000	120,000	120,000	115,000	115,000	115,000	110,000	110,000	110,000	105,000
Top-Heavy Plan Key Employee Comp	175,000	170,000	170,000	170,000	165,000	160,000	160,000	160,000	160,000	150,000

or

- An owner of more than 5% of a company sponsoring the plan, either during the plan year being tested or the look-back period;

or

- A family member of an over-5% owner.

Note: Certain family members of over-5% owners are treated as having the same share of ownership, this includes the over-5% owner's spouse, parents, grandparents, and children. For example, the child of an over-5% owner is also considered an over-5% owner, and is therefore an HCE regardless of what the child was paid.

**Non-Highly Compensated Employees (NHCEs)** is everyone else not defined as a HCE