

elective contributions, may exceed the levels (as a percentage of compensation) provided for by the contribution formula in effect on June 27, 1974.

(2) A plan was in existence on June 27, 1974, if it was a written plan adopted on or before that date, even if no funds had yet been paid to the trust associated with the plan.

Prior year testing method. *Prior year testing method* means the testing method under which the applicable year is the prior plan year, as described in § 1.401(k)-2(a)(2)(ii) or § 1.401(m)-2(a)(2)(ii).

Qualified matching contributions (QMACs). *Qualified matching contributions* or *QMACs* means matching contributions that, except as provided otherwise in § 1.401(k)-1(c) and (d), satisfy the requirements of § 1.401(k)-1(c) and (d) as though the contributions were elective contributions, without regard to whether the contributions are actually taken into account under the ADP test under § 1.401(k)-2(a)(6) or the ACP test under § 1.401(m)-2(a)(6). Thus, the matching contributions must satisfy the vesting requirements of § 1.401(k)-1(c) and be subject to the distribution requirements of § 1.401(k)-1(d) when they are contributed to the plan. *See also* § 1.401(k)-2(b)(4)(iii) for a rule providing that a matching contribution does not fail to qualify as a QMAC solely because it is forfeitable under section 411(a)(3)(G) because it is a matching contribution with respect to an excess deferral, excess contribution, or excess aggregate contribution.

Qualified nonelective contributions (QNECs). *Qualified nonelective contributions* or *QNECs* means employer contributions, other than elective contributions or matching contributions, that, except as provided otherwise in § 1.401(k)-1(c) and (d), satisfy the requirements of § 1.401(k)-1(c) and (d) as though the contributions were elective contributions, without regard to whether the contributions are actually taken into account under the ADP test under § 1.401(k)-2(a)(6) or the ACP test under § 1.401(m)-2(a)(6). Thus, the nonelective contributions must satisfy the vesting requirements of § 1.401(k)-1(c) and be subject to the distribution requirements of § 1.401(k)-1(d) when they are contributed to the plan.

Rural cooperative plans. *Rural cooperative plan* means a plan described in section 401(k)(7).

Par. 3. Sections 1.401(m)-0 through 1.401(m)-2 are revised and §§ 1.401(m)-3 through 1.401(m)-5 are added to read as follows:

§ 1.401(m)-0 Table of contents.

This section contains first a list of section headings and then a list of the paragraphs in each section in §§ 1.401(m)-1 through 1.401(m)-5.

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§ 1.401(m)-2 ACP test.

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§ 1.401(m)-4 Special rules for mergers, acquisitions and similar events. [Reserved].

§ 1.401(m)-5 Definitions.

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