

WHICH RETIREMENT PLAN DESIGN IS RIGHT FOR YOU?

Plan design selection is a key element of an effective retirement plan. There are many factors to consider when deciding which plan is the best fit for your business. The following chart illustrates various plan types and their corresponding contribution levels (based on 2020 COLA).

ABC COMPANY

Employee	Age	W-2 Income	SEP IRA	SIMPLE IRA	401(K) Safe Harbor	401(k) Profit Sharing New Comparability	401(k) Profit Sharing Cash Balance
Owner	49	\$285,000	\$57,000	\$19,200	\$28,050	\$57,000	\$210,420
Owner Son	28	\$50,000	\$10,000	\$1,000	\$1,500	\$1,500	\$17,500
Owner Son	30	\$60,000	\$12,000	\$1,200	\$1,800	\$1,800	\$21,000
Subtotal HCE		\$395,000	\$79,000	\$21,400	\$31,350	\$60,300	\$248,920
Employee 1	29	\$52,000	\$10,400	\$1,040	\$1,560	\$2,283	\$4,940
Employee 2	46	\$42,000	\$8,400	\$840	\$1,260	\$1,844	\$3,990
TOTAL		\$489,000	\$97,800	\$23,280	\$34,170	\$64,427	\$257,850
	Percent to Owner (family)		81%	92%	92%	94%	97%
	Deferral Amount			\$13,500	\$19,500	\$19,500	\$19,500
	Catchup Deferral Amount			\$3,000	\$6,500	\$6,500	\$6,500
	Required Employer Contribution			2%	3%	*	*
Potential Taxes Deferred on ALL Contributions (assuming 37% tax bracket)			\$36,186	\$8,614	\$12,643	\$23,838	\$95,405

For hypothetical purposes only. Plan designs are complex and require the assistance of an experienced retirement plans consultant. For illustrative purposes only. Assumes no non-owner deferrals. Demographic changes will impact results.

*Varies based on nondiscrimination testing results.