



**ABC COMPANY, INC.
2020 ADP Tested 401(k) Plan**

Participant	Age	Compensation	401(k) Deferral	401(k) Deferral %	Total Contribution	Benefit Ratio %
Owner 1	60	\$ 285,000.00	\$ 6,500.00	2.26%	\$ 6,500.00	
Family Member 1	55	\$ 49,975.15	\$ 6,500.00	12.01%	\$ 6,500.00	
Family Member 2	30	\$ 77,520.79	\$ 2,000.00	2.58%	\$ 2,000.00	
Owner 2	42	\$ 250,000.00	\$ 4,000.00	1.60%	\$ 4,000.00	
Family Member 3	37	\$ 21,254.54	\$ -	0.00%	\$ -	
Total for Group 1		\$ 683,750.48	\$ 19,000.00		\$ 19,000.00	56%
Employee 2	30	\$ 106,438.46	\$ 3,193.00	3.00%	\$ 800.00	
Employee 3	31	\$ 92,753.28	\$ 1,000.00	1.08%	\$ 1,000.00	
Employee 5	43	\$ 95,800.00	\$ 450.00	0.47%	\$ 450.00	
Employee 6	33	\$ 38,900.00	\$ 2,000.00	5.14%	\$ 2,000.00	
Employee 7	47	\$ 75,313.13	\$ 755.84	1.00%	\$ 755.84	
Employee 8	44	\$ 33,119.64	\$ 1,841.48	5.56%	\$ 1,841.48	
Employee 9	60	\$ 29,443.04	\$ 880.00	2.99%	\$ 880.00	
Employee 10	42	\$ 65,913.20	\$ 3,112.56	4.72%	\$ 3,112.56	
Employee 11	46	\$ 49,085.58	\$ 600.00	1.22%	\$ 600.00	
Employee 15	46	\$ 45,000.90	\$ 940.00	2.09%	\$ 940.00	
Total for Group		\$ 631,767.23	\$ 14,772.88		\$ 14,772.88	44%
Grand Total		\$ 1,315,517.71	\$ 31,379.88		\$ 33,772.88	100%

In this case the client had a growing practice; however, he couldn't obligate the company to make contributions. Given that their employees comprehend the benefit of a retirement plan, they have excellent participation. You'll notice that the two owners over the age 50 contributed only their catch-up contribution for being over age 50. In terms of the ADP test, the Highly Compensated employees (HCE) left a few dollars on the table. However, the Top Heavy test was their concern, so they elected to make sure the ratio of contributions going to the owners didn't exceed 60%. This is quantified in the Ratio Benefit column. This plan design will work until the owners need a larger tax deferral or a ready to commit to a Safe Harbor plan design.

This illustration is contingent upon several factors. Some of the factors are the demographic, financial and business ownership information provided to us. Should any of these factors change in any year, a plan adopted based on this illustration may require modification to an appropriate plan design.