



A more common plan design for companies trying to defer as much income tax as possible is a combination 401(k) and Cash Balance plan. To obtain the most favorable results, the Cash Balance plan has been cross tested with the 401(k). In this scenario the client is able to tax defer \$328,325 and have 95% of that contribution to their benefit. The client was very satisfied with this result, and we should expect this plan design to work unless the client hires more employees. Assuming no change in contribution, the plan will accumulate principal of **\$1,626,625** in five years. This design will work until the client acquires more employees or has a downturn in business.

**ABC COMPANY, INC.**  
**COMPANION PLANS**  
**FOR THE PLAN YEAR ENDING DECEMBER 31, 2020**  
**CASH BALANCE PLAN**

PARTICIPANT NAME	Age	SALARY	Defined Contribution					Cash Balance			% OF TOTAL EMPLOYER CONTRIBUTION	
			401(K) DEFERRAL	401(K) DEFERRAL %	SAFE HARBOR 3% CONTRIBUTION	EMPLOYER DISCRETIONARY	EMPLOYER DISCRETIONARY %	DEFINED CONTRIBUTION TOTAL	HYPOTHETICAL ACCOUNT	HYPOTHETICAL ACCOUNT %		DC & DB TOTAL CONTRIBUTION
MAJORITY OWNER	52	\$ 285,000.00	\$ 26,000.00	9.00%	EXCLUDED	\$ 37,500.00	13.16%	\$ 63,500.00	\$ 144,984.00	50.872%	\$ 208,484.00	
MINORITY OWNER	42	\$ 114,518.00	\$ 19,500.00	14.84%	EXCLUDED	\$ 37,500.00	32.75%	\$ 57,000.00	\$ 47,158.51	41.18%	\$ 104,158.51	
<b>TOTAL FOR OWNER HCES</b>		<b>\$ 399,518.00</b>	<b>\$ 45,500.00</b>		<b>\$ -</b>	<b>\$ 75,000.00</b>		<b>\$ 120,500.00</b>	<b>\$ 192,142.51</b>		<b>\$ 312,642.51</b>	<b>95%</b>
EMPLOYEE 1	38	\$ 97,642.00	\$ -	0.00%	\$ 2,929.26	\$ 4,393.89	4.50%	\$ 7,323.15	\$ 1,646.24	1.69%	\$ 7,323.15	
EMPLOYEE 2	25	\$ 63,836.00	\$ -	0.00%	\$ 1,915.08	\$ 2,872.62	4.50%	\$ 4,787.70	\$ 570.69	0.89%	\$ 4,787.70	
EMPLOYEE 3	34	\$ 10,646.00	\$ -	0.00%	\$ 319.38	\$ 3,252.35	30.55%	\$ 3,571.73	\$ 147.66	1.39%	\$ 3,571.73	
EMPLOYEE 4	19	\$ 851.00	\$ -	0.00%	\$ -	\$ -	0.00%	\$ -	\$ -	0.00%	\$ -	MINIMUM SERVICE
<b>TOTAL FOR NHCES</b>		<b>\$ 172,124.00</b>	<b>\$ -</b>		<b>\$ 5,163.72</b>	<b>\$ 10,518.86</b>		<b>\$ 15,682.58</b>	<b>\$ 2,364.59</b>		<b>\$ 15,682.58</b>	<b>5%</b>
<b>GRAND TOTAL</b>		<b>\$ 571,642.00</b>	<b>\$ 45,500.00</b>		<b>\$ 5,163.72</b>	<b>\$ 85,518.86</b>		<b>\$ 136,182.58</b>	<b>\$ 194,507.10</b>		<b>\$ 328,325.09</b>	<b>100%</b>

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. The actual contributions for the year illustrated can not be determined until actual compensation for the year is known.