



A less common company demographic is one where the employees are considerably older than the owner or key employees. As a retirement plan consulting firm, our clients give us one very specific goal “make the retirement plan worth my while”. Even though we are held responsible to accomplish this goal, this is a determination that can only answered by the by the individual making the demand. The following chart shows the contribution availability to a safe harbor match 401(k) plan in which the profit sharing component is being utilized in the form of Social Security Integration.

**ABC COMPANY
401(K) PLAN W. SSI ALLOCATION
FOR THE PLAN YEAR ENDING DECEMBER 31, 2020**

Participant	Age	Compensation	401(k) Deferral	Safe Harbor Match	Profit Sharing	Total Employer %	Total Contribution	Benefit Ratio %
Owner	33	\$ 285,000	\$ 19,500	\$ 11,400	\$ 24,400	13%	\$ 57,000	
Spouse	32	\$ 96,000	\$ 19,500	\$ 3,840	\$ 5,741	10%	\$ 29,081	
Total for Group 1		\$ 381,000	\$ 39,000	\$ 15,240	\$ 31,841		\$ 86,081	88%
Employee 1	50	\$ 38,000	\$ 1,900	\$ 1,520	\$ 2,303	10%	\$ 5,723	
Employee 2	49	\$ 35,000	\$ 1,750	\$ 1,400	\$ 2,121	10%	\$ 5,271	
Employee 3	59	\$ 36,000	\$ 1,800	\$ 1,440	\$ 2,182	10%	\$ 5,422	
Employee 4	23	\$ 17,500			Ineligible			
Employee 5	52	\$ 22,000			Ineligible			
Total for Group 2		\$ 109,000	\$ 5,450	\$ 4,360	\$ 6,605		\$ 16,415	12%
Grand Total		\$ 490,000	\$ 44,450	\$ 19,600	\$ 38,446		\$ 102,496	100%

In this case, the client and spouse were able to tax defer \$86,081 for 2020, which is comprised of a salary deferral of \$19,500, a safe harbor matching contribution of 4% of compensation and a profit sharing contribution at varying percentages. With the staff’s ages being greater than the owner and spouse, compensation was the key factor for allowing this plan to work sufficiently to satisfy our client’s needs. Social Security Integration gave us a little leverage in weighting the contributions in favor of the owners. The client found the Cost Benefit Ratio of 88% to be acceptable.

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.