



This client wanted the ability to tax defer a good portion of their income, and given the number of owners, creating a plan that would operate in their favor was easy to do. With a name such as this one would think this client was a professional service corporation, however; the client assured us this was not the case. Despite our best efforts they failed to pay out the maximum compensation to the two primary owners. This plan used Safe Harbor Non-elective where every eligible employee would receive a 3% company contribution. In addition to the safe harbor contribution, the company elected to utilize New Comparability for their profit sharing contribution. This created, in their opinion, great results as 89% of the money going to the plan was in their favor. Tax deferring \$134,992 every year will allow the owners to accumulate principal contribution of \$674,960 over a five year period.

This plan design will work unless they hire more employees or have the need to tax defer more of their income. This client would be an excellent candidate for a Defined Benefit plan if they ever want to increase their deductions. For information regarding a combination 401(k) and Defined Benefit plan, please see Combo Plans illustration.

ABC COMPANY, INC.
SAFE HARBOR 401(k) PLAN W/NEW COMPARABILITY STUDY
FOR THE PLAN YEAR ENDING DECEMBER 31, 2020

<i>PARTICIPANT NAME</i>	<i>AGE</i>	<i>SALARY</i>	<i>401(K) DEFERRAL</i>	<i>SAFE HARBOR 3% CONTRIBUTION</i>	<i>EMPLOYER DISCRETIONARY</i>	<i>TOTAL EMPLOYER %</i>	<i>TOTAL CONTRIBUTION</i>	
MAJORITY OWNER	52	\$ 285,000.00	\$ 26,000.00	\$ 8,550.00	\$ 28,950.00	13.16%	\$ 63,500.00	
MINORITY OWNER	42	\$ 114,518.00	\$ 19,500.00	\$ 3,435.54	\$ 34,064.46	32.75%	\$ 57,000.00	
TOTAL FOR HCES		\$ 399,518.00	\$ 45,500.00	\$ 11,985.54	\$ 63,014.46		\$ 120,500.00	89%
EMPLOYEE 1	38	\$ 97,642.00	\$ -	\$ 2,929.26	\$ 5,292.20	8.42%	\$ 8,221.46	
EMPLOYEE 2	25	\$ 63,836.00	\$ -	\$ 1,915.08	\$ 3,459.91	8.42%	\$ 5,374.99	
EMPLOYEE 3	34	\$ 10,646.00	\$ -	\$ 319.38	\$ 577.01	8.42%	\$ 896.39	
EMPLOYEE 4	19	\$ 851.00	\$ -	\$ -	\$ -	0.00%	\$ -	MINIMUM SERVICE
TOTAL FOR EMPLOYEES		\$ 172,124.00	\$ -	\$ 5,163.72	\$ 9,329.12		\$ 14,492.84	11%
GRAND TOTAL		\$ 571,642.00	\$ 45,500.00	\$ 17,149.26	\$ 72,343.58		\$ 134,992.84	100%

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.