

This client needed to have a 401(k) plan to be competitive for staff retention. They liked the idea of matching their employee contributions and were comfortable with the immediate vesting which comes with the Safe Harbor Match provision. The concerns of an ADP test or becoming Top Heavy are eliminated by using Safe Harbor, and they have given incentive to their staff to contribute to the plan. This plan design should work until the owners need more tax deferral or the participation increases such that they can no longer afford the company contribution.

**ABC COMPANY INC.
2020 SAFE HARBOR MATCH 401(k) PLAN**

Participant	Age	Compensation	401(k) Deferral	Safe Harbor Match	Total Employer %	Total Contribution	Benefit Ratio %
Owner 1	41	\$ 42,200.41	\$ 19,500.00	\$ 1,688.02	4.00%	\$ 19,688.02	
Owner 2	39	\$ 230,000.00	\$ 19,500.00	\$ 9,200.00	4.00%	\$ 27,200.00	
Total for Group 1		\$ 272,200.41	\$ 39,000.00	\$ 10,888.02		\$ 49,888.02	41%
Employee 1	24	\$ 16,435.45			0.00%		
Employee 2	28	\$ 34,318.89	\$ 343.19	\$ 343.19	1.00%	\$ 686.38	
Employee 3	27	\$ 170,000.00	\$ 8,500.00	\$ 6,800.00	4.00%	\$ 15,300.00	
Employee 4	39	\$ 44,267.53	\$ 2,213.38	\$ 1,770.70	4.00%	\$ 3,984.08	
Employee 5	29	\$ 14,890.48			0.00%		
Employee 6	31	\$ 48,735.56			0.00%		
Employee 7	28	\$ 26,146.91	\$ 522.94	\$ 522.94	2.00%	\$ 1,045.88	
Employee 8	27	\$ 21,494.30			0.00%		
Employee 9	42	\$ 53,975.91			0.00%		
Employee 10	59	\$ 24,817.72			0.00%		
Employee 11	45	\$ 160,000.00	\$ 8,000.00	\$ 6,400.00	4.00%	\$ 14,400.00	
Employee 12	41	\$ 34,660.00	\$ 1,039.80	\$ 1,039.80	3.00%	\$ 2,079.60	
Employee 13	25	\$ 19,775.97			0.00%		
Employee 14	38	\$ 55,691.84	\$ 2,784.59	\$ 2,227.67	4.00%	\$ 5,012.27	
Employee 15	39	\$ 88,703.73	\$ 4,435.19	\$ 3,548.15	4.00%	\$ 7,983.34	
Employee 16	26	\$ 20,921.13			0.00%		
Employee 17	32	\$ 49,280.92	\$ 985.62	\$ 985.62	2.00%	\$ 1,971.24	
Employee 18	37	\$ 16,939.41			0.00%		
Employee 19	35	\$ 50,376.83	\$ 503.77	\$ 503.77	1.00%	\$ 1,007.54	
Employee 20	46	\$ 24,295.05			0.00%		
Employee 21	32	\$ 30,142.89			0.00%		
Employee 22	31	\$ 62,759.08	\$ 3,137.95	\$ 2,510.36	4.00%	\$ 5,648.32	
Employee 23	41	\$ 25,312.76			0.00%		
Employee 24	55	\$ 16,687.87			0.00%		
Employee 25	62	\$ 21,547.38			0.00%		
Employee 26	37	\$ 15,046.82			0.00%		
Employee 27	51	\$ 39,766.73	\$ 1,988.34	\$ 1,590.67	4.00%	\$ 3,579.01	
Employee 28	26	\$ 36,259.79			0.00%		
Employee 29	29	\$ 90,000.00	\$ 4,500.00	\$ 3,600.00	4.00%	\$ 8,100.00	
Employee 30	26	\$ 14,529.85	\$ 145.30	\$ 145.30	1.00%	\$ 290.60	
Employee 31	26	\$ 21,044.62			0.00%		
Total for Group 2		\$ 1,348,825.42	\$ 39,100.06	\$ 31,988.17		\$ 71,088.23	59%
Grand Total		\$ 1,621,025.83	\$ 78,100.06	\$ 42,876.19		\$ 120,976.25	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.

