



For businesses looking for big tax deductions and purchasing life insurance a combination 401(k) and Defined Benefit plan proves to be a useful tool in accomplishing this. The business owner is able to purchase insurance with tax deductible dollars insuring each staff member. In the case below the client was able to buy a considerable amount of insurance on himself and staff.

With the two business owners tax deferring over \$548,000 they've created an excellent employee retention tool and the ability to accumulate some significant wealth in a creditor exempt environment. This design should work satisfactorily until the company hires more staff.

ABC COMPANY, INC.
COMPANION PLAN W. LIFE INSURANCE
FOR THE PLAN YEAR ENDING DECEMBER 31, 2020

| PARTICIPANT NAME | Age | SALARY | Defined Contribution | | | | DEFINED CONTRIBUTION TOTAL | DEFINED BENEFIT COST | Defined Benefit | | % OF TOTAL EMPLOYER CONTRIBUTION |
|--------------------|-----|---------------|----------------------|-----------------------------|------------------------|----------------------------------|----------------------------|----------------------|------------------------------|---------------|----------------------------------|
| | | | 401(K) DEFERRAL | SAFE HARBOR 3% CONTRIBUTION | EMPLOYER DISCRETIONARY | PRESENT VALUE OF ACCRUED BENEFIT | | | WHOLE LIFE INSURANCE PREMIUM | DC & DB TOTAL | |
| MAJORITY OWNER | 52 | \$ 285,000.00 | \$ 26,000.00 | \$ 8,550.00 | \$ 28,950.00 | \$ 63,500.00 | \$ 270,772.34 | \$ 255,196.00 | \$ 122,892.65 | \$ 334,272.34 | |
| MINORITY OWNER | 42 | \$ 114,518.00 | \$ 19,500.00 | \$ 3,435.54 | \$ 34,064.46 | \$ 57,000.00 | \$ 157,059.44 | \$ 70,475.00 | \$ 33,561.15 | \$ 214,059.44 | |
| TOTAL FOR EMPLOYER | | \$ 399,518.00 | \$ 45,500.00 | \$ 11,985.54 | \$ 63,014.46 | \$ 120,500.00 | \$ 427,831.78 | | \$ 156,453.81 | \$ 548,331.78 | 77% |
| EMPLOYEE 1 | 38 | \$ 97,642.00 | \$ - | \$ 2,929.26 | \$ 5,292.20 | \$ 8,221.46 | \$ 113,245.37 | \$ 52,183.00 | \$ 24,176.01 | \$ 121,466.83 | |
| EMPLOYEE 2 | 25 | \$ 63,836.00 | \$ - | \$ 1,915.08 | \$ 3,459.91 | \$ 5,374.99 | \$ 28,248.80 | \$ 14,190.00 | \$ 6,958.63 | \$ 33,623.79 | |
| EMPLOYEE 3 | 34 | \$ 10,646.00 | \$ - | \$ 319.38 | \$ 577.01 | \$ 896.39 | \$ 9,002.05 | \$ 4,259.00 | \$ 2,013.48 | \$ 9,898.44 | |
| EMPLOYEE 4 | 19 | \$ 851.00 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | MINIMUM SERVICE |
| EMPLOYEES | | \$ 172,124.00 | \$ - | \$ 5,163.72 | \$ 9,329.12 | \$ 14,492.84 | \$ 150,496.22 | | \$ 33,148.12 | \$ 164,989.06 | 23% |
| GRAND TOTAL | | \$ 571,642.00 | \$ 45,500.00 | \$ 17,149.26 | \$ 72,343.58 | \$ 134,992.84 | \$ 578,328.00 | | \$ 189,601.92 | \$ 713,320.84 | 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.