

Case Study

Prepared by: The Pension Studio 2017
sales@thepensionstudio.com
866-497-5501

Sample Census

Employee Name	Birth Date	Hire Date	Compensation
Owner	11/5/1959	1/5/1987	\$270,000.00
Employee 1	7/1/1967	4/1/1995	\$55,000.00
Employee 2	8/21/1989	5/12/2008	\$38,877.00
Employee 3	10/28/1974	7/14/1991	\$45,000.00
Employee 4	6/9/1981	6/1/1996	\$35,000.00

A SEP is a plan in which each employee typically receives the same percentage of pay. There are no vesting schedules, no loans, no administration fees and no employee contributions.

SEP

Employee Name	Birth Date	Hire Date	Compensation	SEP
Owner	11/5/1959	1/5/1987	\$270,000.00	\$54,000.00
Employee 1	7/1/1967	4/1/1995	\$55,000.00	\$11,000.00
Employee 2	8/21/1989	5/12/2008	\$38,877.00	\$7,775.40
Employee 3	10/28/1974	7/14/1991	\$45,000.00	\$9,000.00
Employee 4	6/9/1981	6/1/1996	\$35,000.00	\$7,000.00
TOTALS				\$88,775.40

61% to owners

The deferral limit is \$12,500 plus \$3,000 catch-up and the matching is 3%. All monies are 100% vested. No administration fees and no additional contributions are allowed.

Simple 401(k) Plan

Employee Name	Birth Date	Hire Date	Compensation	Deferral	Match	Total
Owner	11/5/1959	1/5/1987	\$270,000.00	\$15,500.00	\$8,100.00	\$23,600.00
Employee 1	7/1/1967	4/1/1995	\$55,000.00	\$1,650.00	\$1,650.00	\$3,300.00
Employee 2	8/21/1989	5/12/2008	\$38,877.00	\$1,166.31	\$1,166.31	\$2,332.62
Employee 3	10/28/1974	7/14/1991	\$45,000.00	\$1,350.00	\$1,350.00	\$2,700.00
Employee 4	6/9/1981	6/1/1996	\$35,000.00	\$1,050.00	\$1,050.00	\$2,100.00
TOTALS				\$20,716.31	\$13,316.31	\$34,032.62

69% to owners

Employer contributions are allocated based on a formula that benefits those earning above the TWB. Vesting and eligibility requirements are flexible.

Profit Sharing- Integrated

	Birth Date	Hire Date	Compensation	Employer PS
Owner	11/5/1959	1/5/1987	\$270,000.00	\$54,000.00
Employee 1	7/1/1967	4/1/1995	\$55,000.00	\$9,266.88
Employee 2	8/21/1989	5/12/2008	\$38,877.00	\$6,550.88
Employee 3	10/28/1974	7/14/1991	\$45,000.00	\$7,581.99
Employee 4	6/9/1981	6/1/1996	\$35,000.00	\$5,897.11
TOTALS				\$83,296.86

65% to owners

Employer contributions are allocated based on groups. Vesting and eligibility are flexible. Very beneficial to owners and key employees if demographics are right.

Profit Sharing- New Comparability

Employee Name	Birth Date	Hire Date	Compensation	Employer PS
Owner	11/5/1959	1/5/1987	\$270,000.00	\$54,000.00
Employee 1	7/1/1967	4/1/1995	\$55,000.00	\$2,750.00
Employee 2	8/21/1989	5/12/2008	\$38,877.00	\$1,943.85
Employee 3	10/28/1974	7/14/1991	\$45,000.00	\$2,250.00
Employee 4	6/9/1981	6/1/1996	\$35,000.00	\$1,750.00
TOTALS				\$62,693.85

86% to owners

Employee and employer contributions with a mandatory (SH) contribution of 3% or match of 4%. The SH contribution ensures HCE can defer as much as they like up to the limit. Profit Sharing feature optional.

401(k) (Safe Harbor)

Employee Name	Birth Date	Hire Date	Compensation	Deferral	SHNEC	Employer PS	Total
Owner	11/5/1959	1/5/1987	\$270,000.00	\$24,000.00	\$8,100.00	\$27,900.00	\$60,000.00
Employee 1	7/1/1967	4/1/1995	\$55,000.00	\$0.00	\$1,650.00	\$792.00	\$2,442.00
Employee 2	8/21/1989	5/12/2008	\$38,877.00	\$0.00	\$1,166.31	\$559.83	\$1,726.14
Employee 3	10/28/1974	7/14/1991	\$45,000.00	\$0.00	\$1,350.00	\$648.00	\$1,998.00
Employee 4	6/9/1981	6/1/1996	\$35,000.00	\$0.00	\$1,050.00	\$504.00	\$1,554.00
TOTALS				\$24,000.00	\$13,316.31	\$30,403.83	\$67,720.14

89% to owners

DB/DC Combo

Two plans are used, a 401(k) and a DB or Cash Balance Plan. No more than 6% of total eligible payroll can go into the 401(k) or DC Plan. Using the DB limits total contributions to owners may be significantly higher.

Example 1

Staff receiving equal percentages in profit sharing contributions

Employee Name	Birth Date	Hire Date	Compensation	Deferral	SHNEC	Employer PS	DB Pension	Total
Owner	11/5/1959	1/5/1987	\$270,000.00	\$24,000.00	\$0.00	\$10,900.00	\$219,578.00	\$254,478.00
Employee 1	7/1/1967	4/1/1985	\$55,000.00	\$0.00	\$1,650.00	\$3,300.00	\$1,375.00	\$6,325.00
Employee 2	8/21/1989	5/12/2003	\$38,877.00	\$0.00	\$1,166.31	\$2,333.00	\$972.00	\$4,471.00
Employee 3	10/28/1974	7/14/1991	\$45,000.00	\$0.00	\$1,350.00	\$2,700.00	\$1,125.00	\$5,175.00
Employee 4	6/9/1981	6/1/1996	\$35,000.00	\$0.00	\$1,050.00	\$2,100.00	\$875.00	\$4,025.00
Totals				\$24,000.00	\$5,216.00	\$21,333.00	\$223,925.00	\$274,474.00

93% to owners

Example 2

Staff receiving unequal percentages in profit sharing contributions

Employee Name	Birth Date	Hire Date	Compensation	Deferral	SHNEC	Employer PS	DB Pension	Total
Owner	11/5/1959	1/5/1987	\$270,000.00	\$24,000.00	\$0.00	\$14,025.00	\$219,578.00	\$257,603.00
Employee 1	7/1/1967	4/1/1985	\$55,000.00	\$0.00	\$1,650.00	\$2,019.00	\$1,375.00	\$5,044.00
Employee 2	8/21/1989	5/12/2003	\$38,877.00	\$0.00	\$1,166.31	\$1,427.00	\$972.00	\$3,565.00
Employee 3	10/28/1974	7/14/1991	\$45,000.00	\$0.00	\$1,350.00	\$1,652.00	\$1,125.00	\$4,127.00
Employee 4	6/9/1981	6/1/1996	\$35,000.00	\$0.00	\$1,050.00	\$2,211.00	\$875.00	\$4,136.00
Totals				\$24,000.00	\$5,216.00	\$21,333.00	\$223,925.00	\$274,475.00

94% to owners