

# Case Study

Prepared by: The Pension Studio 2019

[sales@thepensionstudio.com](mailto:sales@thepensionstudio.com)

866-497-5501

# Sample Census

Employee Name	Birth Date	Hire Date	Compensation
Owner 1	7/31/1965	7/6/1990	\$280,000
Owner 2	11/5/1959	9/18/1992	\$280,000
Owner 3	4/2/1962	7/6/1990	\$280,000
Employee 1	8/21/1989	5/12/2009	\$38,000
Employee 2	10/28/1974	7/14/2014	\$45,000
Employee 3	6/9/1981	6/1/2006	\$35,000
Employee 4	3/21/1975	8/31/2011	\$55,000
Employee 5	10/22/1989	2/16/2016	\$24,050
Employee 6	6/9/1984	4/4/2014	\$42,000
Employee 7	2/20/1993	3/5/2012	\$36,450
Employee 8	1/14/1981	11/1/2008	\$52,000
Employee 9	8/17/1994	5/29/2015	\$26,850
Employee 10	5/26/1979	10/16/2007	\$37,750

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 1	7/31/1965	7/6/1990	\$280,000	<b>\$56,000.00</b>
Owner 2	11/5/1959	9/18/1992	\$280,000	<b>\$56,000.00</b>
Owner 3	4/2/1962	7/6/1990	\$280,000	<b>\$56,000.00</b>
Employee 1	8/21/1989	5/12/2009	\$38,000	\$7,600.00
Employee 2	10/28/1974	7/14/2014	\$45,000	\$9,000.00
Employee 3	6/9/1981	6/1/2006	\$35,000	\$7,000.00
Employee 4	3/21/1975	8/31/2011	\$55,000	11,000.00
Employee 5	10/22/1989	2/16/2016	\$24,050	\$4,810.00
Employee 6	6/9/1984	4/4/2014	\$42,000	\$8,400.00
Employee 7	2/20/1993	3/5/2012	\$36,450	\$7,290.00
Employee 8	1/14/1981	11/1/2008	\$52,000	\$10,400.00
Employee 9	8/17/1994	5/29/2015	\$26,850	\$5,370.00
Employee 10	5/26/1979	10/16/2007	\$37,750	\$7,550.00
<b>TOTALS</b>				<b>\$246,420.00</b>

**68% to owners**

The deferral limit is \$13,000 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 1	7/31/1965	7/6/1990	\$280,000	\$16,000.00	\$8,400.00	<b>\$24,400.00</b>
Owner 2	11/5/1959	9/18/1992	\$280,000	\$16,000.00	\$8,400.00	<b>\$24,400.00</b>
Owner 3	4/2/1962	7/6/1990	\$280,000	\$16,000.00	\$8,400.00	<b>\$24,400.00</b>
Employee 1	8/21/1989	5/12/2009	\$38,000	\$1,140.00	\$1,140.00	\$2,280.00
Employee 2	10/28/1974	7/14/2014	\$45,000	\$1,350.00	\$1,350.00	\$2,700.00
Employee 3	6/9/1981	6/1/2006	\$35,000	\$1,050.00	\$1,050.00	\$2,100.00
Employee 4	3/21/1975	8/31/2011	\$55,000	\$1,650.00	\$1,650.00	\$3,300.00
Employee 5	10/22/1989	2/16/2016	\$24,050	\$721.50	\$721.50	\$1,443.00
Employee 6	6/9/1984	4/4/2014	\$42,000	\$1,260.00	\$1,260.00	\$2,520.00
Employee 7	2/20/1993	3/5/2012	\$36,450	\$1,093.50	\$1,093.50	\$2,187.00
Employee 8	1/14/1981	11/1/2008	\$52,000	\$1,560.00	\$1,560.00	\$3,120.00
Employee 9	8/17/1994	5/29/2015	\$26,850	\$805.50	\$805.50	\$1,611.00
Employee 10	5/26/1979	10/16/2007	\$37,750	\$1,132.50	\$1,132.50	\$2,265.00
<b>TOTALS</b>				<b>\$59,763.00</b>	<b>\$36,963.00</b>	<b>\$96,726.00</b>

76% 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 1	7/31/1965	7/6/1990	\$280,000	<b>\$56,000.00</b>
Owner 2	11/5/1959	9/18/1992	\$280,000	<b>\$56,000.00</b>
Owner 3	4/2/1962	7/6/1990	\$280,000	<b>\$56,000.00</b>
Employee 1	8/21/1989	5/12/2009	\$38,000	\$6,256.47
Employee 2	10/28/1974	7/14/2014	\$45,000	\$7,408.98
Employee 3	6/9/1981	6/1/2006	\$35,000	\$5,762.54
Employee 4	3/21/1975	8/31/2011	\$55,000	\$9,055.42
Employee 5	10/22/1989	2/16/2016	\$24,050	\$3,959.69
Employee 6	6/9/1984	4/4/2014	\$42,000	\$6,915.05
Employee 7	2/20/1993	3/5/2012	\$36,450	\$6,001.27
Employee 8	1/14/1981	11/1/2008	\$52,000	\$8,561.48
Employee 9	8/17/1994	5/29/2015	\$26,850	\$4,420.69
Employee 10	5/26/1979	10/16/2007	\$37,750	\$6,215.31
<b>TOTALS</b>				<b>\$232,556.89</b>

72% 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 1	7/31/1965	7/6/1990	\$280,000	<b>\$56,000.00</b>
Owner 2	11/5/1959	9/18/1992	\$280,000	<b>\$56,000.00</b>
Owner 3	4/2/1962	7/6/1990	\$280,000	<b>\$56,000.00</b>
Employee 1	8/21/1989	5/12/2009	\$38,000	\$1,900.00
Employee 2	10/28/1974	7/14/2014	\$45,000	\$2,250.00
Employee 3	6/9/1981	6/1/2006	\$35,000	\$1,750.00
Employee 4	3/21/1975	8/31/2011	\$55,000	\$2,750.00
Employee 5	10/22/1989	2/16/2016	\$24,050	\$1,202.50
Employee 6	6/9/1984	4/4/2014	\$42,000	\$2,100.00
Employee 7	2/20/1993	3/5/2012	\$36,450	\$1,822.50
Employee 8	1/14/1981	11/1/2008	\$52,000	\$2,600.00
Employee 9	8/17/1994	5/29/2015	\$26,850	\$1,342.50
Employee 10	5/26/1979	10/16/2007	\$37,750	\$1,887.50
<b>TOTALS</b>				<b>\$187,605.00</b>

**89% 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 1	7/31/1965	7/6/1990	\$280,000	\$25,000.00	\$8,400.00	\$28,600.00	<b>\$62,000.00</b>
Owner 2	11/5/1959	9/18/1992	\$280,000	\$25,000.00	\$8,400.00	\$28,600.00	<b>\$62,000.00</b>
Owner 3	4/2/1962	7/6/1990	\$280,000	\$25,000.00	\$8,400.00	\$28,600.00	<b>\$62,000.00</b>
Employee 1	8/21/1989	5/12/2009	\$38,000	\$0.00	\$1,140.00	\$760.00	\$1,900.00
Employee 2	10/28/1974	7/14/2014	\$45,000	\$0.00	\$1,350.00	\$900.00	\$2,250.00
Employee 3	6/9/1981	6/1/2006	\$35,000	\$0.00	\$1,050.00	\$700.00	\$1,750.00
Employee 4	3/21/1975	8/31/2011	\$55,000	\$0.00	\$1,650.00	\$1,100.00	\$2,750.00
Employee 5	10/22/1989	2/16/2016	\$24,050	\$0.00	\$721.50	\$481.00	\$1,202.50
Employee 6	6/9/1984	4/4/2014	\$42,000	\$0.00	\$1,260.00	\$840.00	\$2,100.00
Employee 7	2/20/1993	3/5/2012	\$36,450	\$0.00	\$1,093.50	\$729.00	\$1,822.50
Employee 8	1/14/1981	11/1/2008	\$52,000	\$0.00	\$1,560.00	\$1,040.00	\$2,600.00
Employee 9	8/17/1994	5/29/2015	\$26,850	\$0.00	\$805.50	\$537.00	\$1,340.50
Employee 10	5/26/1979	10/16/2007	\$37,750	\$0.00	\$1,132.50	\$755.00	\$1,887.50
<b>TOTALS</b>				<b>\$75,000.00</b>	<b>\$36,963.00</b>	<b>\$93,642.00</b>	<b>\$205,605.00</b>

**90% to owners**

# DB/DC Combo

Two plans are used, a 401(k) and a DB or Cash Balance Plan. Using the DB limits total contributions to owners may be significantly higher.

Employee Name	Birth Date	Hire Date	Compensation	Deferral	SHNEC	Employer PS	DB Pension	Total
Owner 1	7/31/1965	7/6/1990	\$280,000	\$25,000.00	\$0.00	\$37,000.00	\$190,572.00	<b>\$252,572.00</b>
Owner 2	11/5/1959	9/18/1992	\$280,000	\$25,000.00	\$0.00	\$37,000.00	\$246,450.00	<b>\$308,450.00</b>
Owner 3	4/2/1962	7/6/1990	\$280,000	\$25,000.00	\$0.00	\$37,000.00	\$234,426.00	<b>\$296,426.00</b>
Employee 1	8/21/1989	5/12/2009	\$38,000	\$0.00	\$1,140.00	\$1,444.00	\$950.00	\$3,534.00
Employee 2	10/28/1974	7/14/2014	\$45,000	\$0.00	\$1,350.00	\$1,710.00	\$1,125.00	\$4,185.00
Employee 3	6/9/1981	6/1/2006	\$35,000	\$0.00	\$1,050.00	\$1,330.00	\$875.00	\$3,255.00
Employee 4	3/21/1975	8/31/2011	\$55,000	\$0.00	\$1,650.00	\$2,090.00	\$1,375.00	\$5,115.00
Employee 5	10/22/1989	2/16/2016	\$24,050	\$0.00	\$722.00	\$914.00	\$601.00	\$2,237.00
Employee 6	6/9/1984	4/4/2014	\$42,000	\$0.00	\$1,260.00	\$1,596.00	\$1,050.00	\$3,906.00
Employee 7	2/20/1993	3/5/2012	\$36,450	\$0.00	\$1,094.00	\$1,385.00	\$911.00	\$3,390.00
Employee 8	1/14/1981	11/1/2008	\$52,000	\$0.00	\$1,560.00	\$1,976.00	\$1,300.00	\$4,836.00
Employee 9	8/17/1994	5/29/2015	\$26,850	\$0.00	\$806.00	\$1,020.00	\$671.00	\$2,497.00
Employee 10	5/26/1979	10/16/2007	\$37,750	\$0.00	\$1,133.00	\$1,435.00	\$944.00	\$3,511.00
<b>Totals</b>				<b>\$75,000.00</b>	<b>\$11,763.00</b>	<b>\$125,900.00</b>	<b>\$681,251.00</b>	<b>\$893,914.00</b>

**95.5% to owners**