



Plan Illustration

We coordinate complimentary plan illustrations to help our clients and prospects understand how various strategies could affect their plan. For example, if a business owner is interested in providing an employer contribution, we coordinate with a TPA to model various employer contribution scenarios. This helps them choose the best option for their specific business and employee demographics. A plan illustration helps plan sponsors make informed decisions regarding their plan by looking at hypothetical scenarios based on the specific demographics and parameters of their plan.

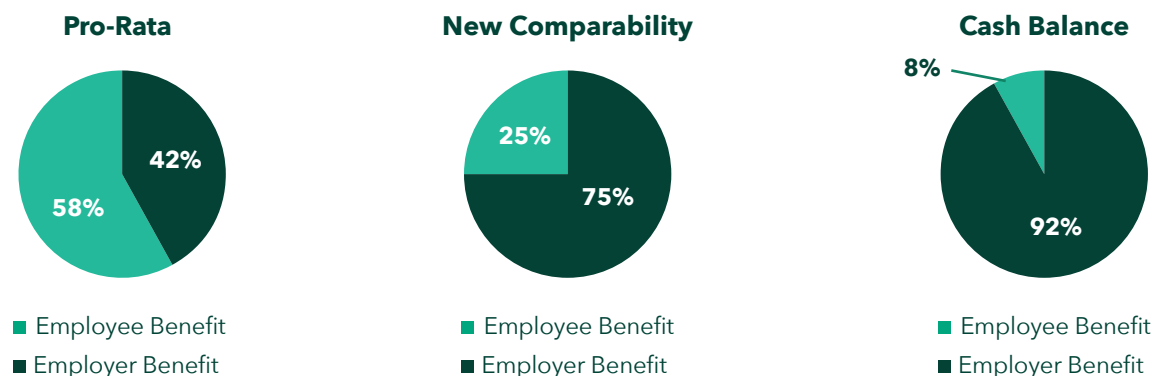
A Plan Illustration helps you accomplish 2 things:

1. Review hypothetical plan scenarios—The illustration will be customized to your specific plan and situation, and help you understand the financial impact a particular option could have.

2. Make informed decisions—The illustration gives you the information you need to make smart decisions regarding the structure of your plan.

Sample Plan Illustration for Employer Contributions

Comparison between three employer contribution types: Pro-Rata, New Comparability and Cash Balance



Contact us for a Plan Illustration

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Employee	Age	Annual Compensation	Pro-Rata (Everyone gets the same percentage)	New Comparability (Max. for Employer, min. for employees)	Cash Balance (Extra max. for owner, min for employees)
Owner	60	\$250,000	\$50,000	\$50,000	\$300,000
Employee 1	45	\$100,000	\$20,000	\$5,000	\$8,000
Employee 2	45	\$75,000	\$15,000	\$3,750	\$8,000
Employee 3	40	\$75,000	\$15,000	\$3,750	\$6,000
Employee 4	30	\$50,000	\$10,000	\$2,500	\$4,000
Employee 5	25	\$40,000	\$8,000	\$2,000	\$3,200
Total Employer Contribution			\$118,000	\$67,000	\$327,200
% to Employer			42%	75%	92%
% to Employees			58%	25%	8%

Profit Sharing is a type of employer contribution in a 401(k) plan. There are several types, the 2 main types are: **Pro-Rata:** Everyone gets the same percentage (in the example below, everyone gets 20%) and **New Comparability:** The owner can receive a higher amount than the non-owners (in the example below, the owner gets 20% and everyone else gets 5%). A **Cash Balance Plan** is another option that allows the owner to put away significantly more tax-deferred income. The above illustration shows how these 3 strategies compare.