

# Plan Comparison

Let's take a quick look at how the three plans work together.

Safe Harbor 401(k) Plan		Profit Sharing Plan	Cash Balance Plan
Employee Contribution	Employer Contribution	Employer Contribution	Employer Contribution
<ul style="list-style-type: none"> <li>Maximum employee contribution including catch-up for 2023:               <ul style="list-style-type: none"> <li>– \$22,500 &lt; age 50</li> <li>– \$30,000 &gt; age 50</li> </ul> </li> <li>May require employee to be age 21 or older and to complete 1 year (1,000 hours of work before becoming eligible</li> </ul>	<ul style="list-style-type: none"> <li>Required annual employer contribution</li> <li>May use 3% non-elective or a matching formula</li> <li>Immediate vesting</li> </ul>	<ul style="list-style-type: none"> <li>Discretionary employer contribution</li> <li>May need to contribute ~5% to employees to pass compliance testing</li> <li>Up to 6-year graded vesting</li> <li>A new comparability formula is used to minimize costs to the business</li> </ul>	<ul style="list-style-type: none"> <li>A Defined Benefit plan that allows a large benefit to business owners</li> <li>Pooled, Trustee-Directed assets</li> <li>Consistent annual contribution is required</li> <li>Must work with an actuary for administration, plan documents, and filings</li> <li>Must be tested with 401(k) plan to pass annual compliance testing</li> <li>Must cover 40% or more of employees</li> <li>Up to 3-year cliff vesting</li> <li>Employer must guarantee rate of return</li> <li>Plan should be in place for 3 years minimum</li> <li>Maximum lifetime balance (contributions + growth) per person is ~\$2.9mil</li> <li>Assets in the plan are generally creditor-protected</li> </ul>
Up to \$73,500 in contribution <sup>1</sup>			Up to \$471,500 contribution <sup>1</sup>

<sup>1</sup>2023 annual contributions, see next page for detail.

# 2023 Contribution Limits

## 401(k) Profit Sharing and Cash Balance Plans

Age	401(k) with Profit Sharing <sup>1</sup>	Cash Balance <sup>2</sup>	Total	Tax Savings <sup>3</sup>
70	\$73,500	\$398,000	\$471,500	\$157,695
65	\$73,500	\$321,000	\$394,500	\$132,285
60	\$73,500	\$309,000	\$382,500	\$128,325
55	\$73,500	\$241,000	\$314,500	\$105,885
50	\$73,500	\$188,000	\$261,500	\$88,395
45	\$66,000	\$135,000	\$201,000	\$67,905
40	\$66,000	\$114,000	\$180,000	\$60,975
35	\$66,000	\$89,000	\$155,000	\$52,725

<sup>1</sup>401(k): \$22,500 employee deferral with \$7,500 catch up if over age 50; Up to \$73,500 with profit sharing.

<sup>2</sup>Cash Balance contributions are based on many variables, specific results may vary.

<sup>3</sup>Tax Savings: Assumes 40% personal tax rate & 33% corporate tax rate. Taxes vary by state. Taxes are deferred until withdrawal at retirement.