



# A 2023 Safe Harbor New Comparability Plan Example

Goal: Maximize owner at \$66,000 + \$7,500 catch-up contribution

Automatically satisfies certain nondiscrimination testing

Name	Class	Income	Age	Deferral\$	Deferral %	Catchup	\$Safe Harbor 3%	Safe Harbor 3%	Profit Sharing New Comp \$	Profit Sharing New Comp %	Total\$	Total%
Owner	A	\$330,000.00	50	\$22,500.00	6.82%	\$7,500.00	\$9,900.00	3.00%	\$33,600.00	10.18%	\$73,500.00	22.27%
<b>Subtotal</b>		<b>\$330,000.00</b>		<b>\$22,500.00</b>		<b>\$7,500.00</b>	<b>\$9,900.00</b>		<b>\$33,600.00</b>		<b>\$73,500.00</b>	
Employee #2	B	\$150,000.00	40	\$0.00	0.00%	\$0.00	\$4,500.00	3.00%	\$2,100.00	1.40%	\$6,600.00	4.40%
<b>Subtotal</b>		<b>\$150,000.00</b>		<b>\$0.00</b>		<b>\$0.00</b>	<b>\$4,500.00</b>		<b>\$2,100.00</b>		<b>\$6,600.00</b>	
Employee #3	C	\$50,000.00	40	\$0.00	0.00%	\$0.00	\$1,500.00	3.00%	\$700.00	1.40%	\$2,200.00	4.40%
Employee #4	C	\$40,000.00	35	\$0.00	0.00%	\$0.00	\$1,200.00	3.00%	\$560.00	1.40%	\$1,760.00	4.40%
Employee #5	C	\$30,000.00	30	\$0.00	0.00%	\$0.00	\$900.00	3.00%	\$420.00	1.40%	\$1,320.00	4.40%
Employee #6	C	\$26,000.00	20	\$0.00	0.00%	\$0.00	\$780.00	3.00%	\$364.00	1.40%	\$1,144.00	4.40%
<b>Subtotal</b>		<b>\$146,000.00</b>		<b>\$0.00</b>		<b>\$0.00</b>	<b>\$4,380.00</b>		<b>\$2,044.00</b>		<b>\$6,424.00</b>	
<b>Total</b>		<b>\$626,000.00</b>		<b>\$22,500.00</b>		<b>\$7,500.00</b>	<b>\$18,780.00</b>		<b>\$37,744.00</b>		<b>\$86,524.00</b>	
<b>Group A %</b>		<b>52.72%</b>		<b>100.00%</b>		<b>100.00%</b>	<b>52.72%</b>		<b>89.02%</b>		<b>84.95%</b>	
<b>Group B %</b>		<b>23.96%</b>		<b>0.00%</b>		<b>0.00%</b>	<b>23.96%</b>		<b>5.56%</b>		<b>7.63%</b>	
<b>Group C %</b>		<b>23.32%</b>		<b>0.00%</b>		<b>0.00%</b>	<b>23.32%</b>		<b>5.42%</b>		<b>7.42%</b>	

## Safe Harbor 401(k) Plan Summary

- Safe Harbor Profit Sharing
  - At least 3% to all NHCE's (& HCE's) on all eligible wages
- Benefits of Safe Harbor
  - Owner's and HCE's can defer up to the maximum amount listed under the "Owner" deferral and catchup (age 50 and over) columns
  - Satisfies minimum Top-Heavy requirements, as long as no other Employer contributions are deposited (Top Heavy would apply in example above due to New Comp Profit Sharing)
- Conditions of Safe Harbor
  - Must be 100% vested
  - Cannot have 1000 hours or last day requirement
  - Annual advanced notice requirement
- New Comparability Profit Sharing
  - Provides greater benefit to employees that you wish to target
  - The comparability, or cross-tested, allocation method allows the employer to divide the employees into different classifications for purposes of allocating the contribution. If non-discrimination requirements are met, a larger share of the company's contribution may be made on behalf of those employees to whom the employer wishes to provide a more significant benefit.
  - The non-discrimination testing is based on projected benefits at retirement, similar to a defined benefit plan. If the aggregated age of the preferred class is higher than the other classes, the allocation of current dollars can be skewed proportionately toward the older group. The Employer can potentially maximize contributions to key employees and owners while minimizing contributions to other employees.
  - The Highly Compensated Employees can be excluded from any Safe harbor Contributions or Profit Sharing. In fact, it actually helps satisfy testing requirements. Highly Compensated Employees are generally those employees who own more than 5% of the company, along with the spouse, parents, children or grandparent of the owner(s). It also includes employees who earned over \$150,000 (indexed for 2023) from the company in the preceding year.