



A 2018 Safe Harbor New Comparability Plan Example

Goal: Maximize owner at \$55,000 + \$6,000 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	\$275,000.00	50	\$18,500.00	6.73%	\$6,000.00	\$8,250.00	3.00%	\$28,250.00	10.27%	\$61,000.00	22.18%
Subtotal		\$275,000.00		\$18,500.00		\$6,000.00	\$8,250.00		\$28,250.00		\$61,000.00	
Employee #2	B	\$150,000.00	40	\$7,500.00	5.00%	\$0.00	\$4,500.00	3.00%	\$2,145.00	1.43%	\$14,145.00	9.43%
Subtotal		\$150,000.00		\$7,500.00		\$0.00	\$4,500.00		\$2,145.00		\$14,145.00	
Employee #3	C	\$45,000.00	40	\$450.00	1.00%	\$0.00	\$1,350.00	3.00%	\$643.50	1.43%	\$2,443.50	5.43%
Employee #4	C	\$36,000.00	35	\$360.00	1.00%	\$0.00	\$1,080.00	3.00%	\$514.80	1.43%	\$1,954.80	5.43%
Employee #5	C	\$29,000.00	30	\$290.00	1.00%	\$0.00	\$870.00	3.00%	\$414.70	1.43%	\$1,574.70	5.43%
Employee #6	C	\$26,000.00	20	\$260.00	1.00%	\$0.00	\$780.00	3.00%	\$371.80	1.43%	\$1,411.80	5.43%
Subtotal		\$136,000.00		\$1,360.00		\$0.00	\$4,080.00		\$1,944.80		\$7,384.80	
Total		\$561,000.00		\$27,360.00		\$6,000.00	\$16,830.00		\$32,339.80		\$82,529.80	
Group A %		49.02%		67.62%		100.00%	49.02%		87.35%		73.91%	
Group B %		26.74%		27.41%		0.00%	26.74%		6.63%		17.14%	
Group C %		24.24%		4.97%		0.00%	24.24%		6.01%		8.95%	

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
 - Owners and HCE's can defer the maximum (\$18,500 in 2018 plus additional \$6,000 catchup if age 50 or older) without failing ADP/ACP discrimination test
 - 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
 - In-service withdrawal restrictions (not available for hardships or in-service withdrawal before age 59 1/2)
- 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.