

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"> Maximum employee contribution including catch-up for 2024: <ul style="list-style-type: none"> – \$23,000 < age 50 – \$30,500 > age 50 May require employee to be age 21 or older and to complete 1 year (1,000 hours) of work before becoming eligible 	<ul style="list-style-type: none"> Required annual employer contribution May use 3% non-elective or a matching formula Immediate vesting 	<ul style="list-style-type: none"> Discretionary employer contribution May need to contribute ~5% to employees to pass compliance testing Up to 6-year graded vesting A new comparability formula is used to minimize costs to the business 	<ul style="list-style-type: none"> A Defined Benefit plan that allows a large benefit to business owners Pooled, Trustee-Directed assets Consistent annual contribution is required Must work with an actuary for administration, plan documents, and filings Must be tested with 401(k) plan to pass annual compliance testing Must cover 40% or more of employees Up to 3-year cliff vesting Employer must guarantee rate of return Plan should be in place for 3 years minimum Maximum lifetime balance (contributions + growth) per person is ~\$2.9mil Assets in the plan are generally creditor-protected
Up to \$76,500 in contribution ¹			Up to \$485,500 contribution ¹

¹2024 annual contributions, see next page for detail.

2024 Contribution Limits

401(k) Profit Sharing and Cash Balance Plans

Age	401(k) with Profit Sharing ¹	Cash Balance ²	Total	Tax Savings ³
70	\$76,500	\$409,000	\$485,500	\$135,050
65	\$76,500	\$329,000	\$405,500	\$113,450
60	\$76,500	\$318,000	\$394,500	\$110,480
55	\$76,500	\$248,000	\$324,500	\$91,580
50	\$76,500	\$193,000	\$269,500	\$76,730
45	\$69,000	\$150,000	\$219,000	\$62,120
40	\$69,000	\$117,000	\$186,000	\$53,210
35	\$69,000	\$91,000	\$160,000	\$46,190

¹401(k): \$23,000 employee deferral with \$7,500 catch up if over age 50; Up to \$76,500 with profit sharing.

²Cash Balance contributions are based on many variables, specific results may vary.

³Tax Savings: Assumes 40% personal tax rate & 27% corporate tax rate. Taxes vary by state. Taxes are deferred until withdrawal at retirement.