

WHO SHOULD CONSIDER THIS PLAN?

Small or medium-size businesses who want a retirement plan that will maximize contributions to owners while minimizing contributions to other employees.

ADVANTAGES

- Allows owners to receive the majority of the plan contributions.
- Provides a benefit package for Highly Compensated Employees.
- Minimizes company contributions to non-owner employees.

QUICK TEST

- Are the owners older than most of the employees?
- Do the owners have higher income than the majority of the employees?

Cross Tested Profit Sharing Plan

Flexible plan that allows employer contributions to be higher and contributions for rank-and-file employees to be at a minimum.

How it works

- **Tiered Contributions:** Owners and other favored employees receive significantly higher percentage of company contributions.
- **Increase Benefit to Owners:** Annual contributions for owners can be as high as \$49,000 (or \$54,500 if owner age 50 or older).
- **Low Employee Costs:** Annual contributions for other employees can be as low as 5% of eligible employees' compensation.
- **Flexible Contributions:** Annual contributions are decided yearly. You can contribute the maximum (25% of compensation) or nothing at all.

Example: Traditional Profit Sharing Plan vs. Cross Tested Profit Sharing Plan

Results: The Cross Tested Plan saves \$24,167 in contributions and at the same time 93% of the contribution is going to the owners.

	Age	Annual Compensation	Traditional Plan	Cross Tested Plan
Owner A	55	\$245,000	\$49,000	\$49,000
Owner B	50	\$150,000	49,500	49,000
Employee 1	40	\$55,000	11,917	2,750
Employee 2	35	\$30,000	6,500	1,500
Employee 3	30	\$30,000	6,500	1,500
Employee 4	25	\$30,000	6,500	1,500
Totals:		\$540,000	\$129,417	\$105,250
		Owner's Percentage	76%	93%

Start Today - Free Proposal

To find out if a Cross Tested 401(k) is right for you or your client, contact us. In one easy step, Crown will run a contribution illustration at no cost or obligation.
Call Today (310) 665-0578.

For Plan Sponsor Use Only

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