

## 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 defer the maximum.
- Provides a benefit package for Highly Compensated Employees.
- Avoids ADP Testing which eliminates refunds to owners and other highly compensated employees
- Minimizes company contributions to non-owner employees.
- Roth deferrals available.
- Deferral Limits:
  - \$16,500 – For those under age 50.
  - \$22,000 – With catch-up contributions for those age 50
- Other Limits:
  - \$49,000 – Allocation limit for those under age 50.
  - \$54,500 – Allocation limit for those over age 50.

## QUICK TEST

- Are the owners older than most of the employees?
- Does the owner have a higher income than the majority of employees?



## Cross Tested 401(k) Plan - Optional Safe Harbor 3% NEC

*Flexible plan that allows the employer contribution to be higher for owners and minimum contributions for the rank and file employees.*

### 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 other eligible employees' compensation.
- **Safe Harbor Cross Tested 401(k):** Combine a Safe Harbor 3% NEC with the Cross Tested Allocation Method can maximize contributions to owners without increasing company contributions.

### Example: Traditional 401(k) vs. Cross Tested Safe Harbor 401(k)

**Assumptions & Results:** In both examples below, the owners receive the maximum contribution (sources: \$22,000 Deferral, 3% Safe Harbor, Profit Sharing). The Cross Tested 401(k) Plan reduces the company contribution by \$24,167.

	Age	Annual Compensation	Traditional Plan	Cross Tested Plan
Owner A	55	\$245,000	\$54,500	<b>\$ 54,500</b>
Owner B	50	\$150,000	\$54,500	<b>\$ 54,500</b>
Employee 1	40	\$55,000	\$11,917	<b>\$ 2,750</b>
Employee 2	35	\$30,000	\$6,500	<b>\$ 1,500</b>
Employee 3	30	\$30,000	\$6,500	<b>\$ 1,500</b>
Employee 4	25	\$30,000	\$6,500	<b>\$ 1,500</b>
Totals:		<b>\$540,000</b>	<b>\$140,417</b>	<b>\$ 116,250</b>
<b>Reduction in Company Contributions:</b>				<b>(\$ 24,167)</b>

## 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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