



401(k)

Plan Example

This is an estimate only and should not be used as a basis for a tax deduction. All numbers in this example are subject to change when final census is received

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Case Study: Maximizing Retirement Savings with a Cross-Tested 401(k) Plan

Client Profile

A professional services firm with seven employees, including two owners, wanted a retirement plan that would reward ownership while offering meaningful benefits to staff. The company needed a flexible 401(k) design that optimized owner contributions, met IRS nondiscrimination requirements, and kept overall costs balanced across the team.

Challenge

The owners, aged 58 and 49, sought a way to maximize personal 401(k) and employer contributions, maintain compliance under IRS cross-testing rules, and provide equitable, easy-to-administer benefits for employees.

Solution

Nydia Retirement Solutions designed a Cross-Tested Safe Harbor 401(k) Profit Sharing Plan. The plan allowed both owners to make full elective deferrals (\$25,000 and \$19,000, respectively) while contributing an additional 3% safe harbor non-elective contribution to all eligible employees. To further maximize owner benefits and ensure compliance, Nydia added a profit-sharing allocation structured at 2% for staff and higher percentages for ownership.

Results

This design delivered nearly \$120,000 in tax-deductible employer contributions for the owners while ensuring all employees received a fair, compliant benefit. The plan met all Department of Labor and IRS requirements, allowed both owners to maximize deferrals, and created a structured, sustainable approach to annual retirement funding.

401(k) Plan Example



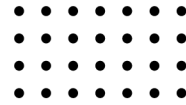
Employee	Age	Salary	401(k) Deferrals	Safe Harbor QNEC	Profit Sharing	Total
Owner 1	58	\$280,000	\$25,000	\$8,400	\$28,600	\$62,000
Owner 2	49	\$200,000	\$19,000	\$6,000	\$31,000	\$56,000
Employee 1	42	\$100,000		\$3,000	\$2,000	\$5,000
Employee 2	38	\$70,000		\$2,100	\$1,400	\$3,500
Employee 3	34	\$50,000		\$1,500	\$1,000	\$2,500
Employee 4	30	\$40,000		\$1,200	\$800	\$2,000
Employee 5	26	\$30,000		\$900	\$600	\$1,500
Totals		\$770,000	\$44,000	\$23,100	\$65,400	\$132,500
Employee Benefit (Funded by Employer)						\$14,500
Employee Benefit Total						\$118,000
Percentage to Owners						89%

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Assumptions:

1. 401(k) deferrals are maximized for both owners.
2. 3% safe harbor non-elective provided to all eligible participants (allows owners to maximize deferrals).
3. Owners want to maximize overall contributions for themselves. The profit sharing amounts shown produces that result.
4. To maximize Owners, additional contributions to non-owners are required. That amounted to a 2% profit sharing contribution in this illustration.

Who We Are



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Same reliable team, same independent ownership, exciting new name. We are your experienced, reliable retirement plan consulting team. Our attention to detail is unmatched, and our commitment to you is unwavering.

Our Services

Plan Design & Implementation | Compliance Testing & Government Reporting | Record Keeping & Administration | Actuarial Services & Administration. We provide expertise and experience and lasting consultative relationships to our partners, and our clients.

Why Us

At Nydia, we do more than retirement plan administration, we bring 30+ years of experience and our unique attention to detail to every client relationship. We call ourselves Retirement Plan Consultants (RPCs) instead of TPAs because of our consultative approach.

Visit our website to
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our services and our
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Contact Us

Reach out to our experienced team of retirement plan consultants to design the right plan for you.

Nydia Retirement Solutions is a Retirement Plan Consulting partner focused on supporting our clients and partners from coast to coast. We are your one-stop-shop for all things retirement related.

FOR MORE INFORMATION

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