



# Defined Benefit Safe Harbor 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

# Case Study: Building Predictable Wealth with a Defined Benefit Safe Harbor Plan

## Client Profile

A professional practice with seven employees, including two owners, wanted to create a structured retirement plan that delivered guaranteed retirement income and large annual deductions. The company had a consistent revenue stream and sought a plan that would provide meaningful benefits to employees while prioritizing long-term security for the owners.

## Challenge

The firm's owners wanted to:

- Contribute significantly more than 401(k) limits allow.
- Establish predictable, formula-based retirement benefits.
- Maintain compliance with IRS and Department of Labor regulations.
- Keep employee benefits equitable and affordable.

## Solution

Nydia Retirement Solutions designed a Safe Harbor Defined Benefit Plan that offered a fixed, formula-driven benefit for each participant. Using a uniform allocation formula, the plan provided substantial contributions for both ownership and staff, with the majority allocated to the two owners nearing retirement.

## Results

This Safe Harbor structure allowed the owners to contribute over \$430,000 annually in tax-deductible funds, creating a reliable pathway to retirement while maintaining full compliance with nondiscrimination requirements. Employees received meaningful benefits, and the firm strengthened its position as a stable, competitive employer.

# DB Safe Harbor Plan Example



Employee	Age	Salary	Safe Harbor Defined Benefit Plan
Owner 1	58	\$280,000	\$258,754
Owner 2	49	\$210,000	\$174,722
Employee 1	42	\$100,000	\$65,175
Employee 2	38	\$70,000	\$35,077
Employee 3	34	\$50,000	\$21,082
Employee 4	30	\$40,000	\$14,192
Employee 5	26	\$30,000	\$8,956
<b>Totals</b>		<b>\$780,000</b>	<b>\$577,958</b>
<b>Employee Benefit (Funded by Employer)</b>			<b>\$144,482</b>
<b>Employee Benefit Total</b>			<b>\$433,476</b>
<b>Percentage to Owners</b>			<b>75%</b>

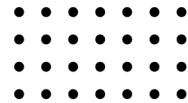
This is an estimate only and should not be used as a basis for a tax deduction. All numbers in this proposal are subject to change when the final census is received.

If a defined benefit plan is adopted, please be aware your plan may be subject to PBGC coverage and therefore annual premium payments. These payments are based upon the number of participants in the plan and the plan's funded status. Please contact us for additional details.

## Assumptions:

1. Owners wish to maximize their contributions to the plan.
2. All eligible participants receive the same benefit allocation formula.

# Who We Are



## MGKS is now Nydia Retirement Solutions

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 learn more about our services and our rebranding.



[nydiareirement.com](http://nydiareirement.com)



# 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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### HEADQUARTERS

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