

# 401(k) Small Plan 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: Maximizing Owner Contributions with a Cross-Tested 401(k) Profit Sharing Plan

## Client Profile

A small professional firm with seven employees, including two owners, sought a retirement plan structure that allowed the owners to contribute meaningfully beyond standard 401(k) limits while still offering equitable benefits to employees. The group has steady cash flow and wanted a plan design that balanced tax efficiency, compliance, and targeted benefit allocation.

## Challenge

The owners wanted to:

- Maximize annual retirement contributions within a 401(k) framework
- Use a compliant, age-aware allocation to direct higher contributions to themselves
- Maintain affordability and fairness for non-owner staff
- Ensure the plan passed IRS nondiscrimination testing

## Solution

Nydia Retirement Solutions designed a cross-tested 401(k) profit sharing plan with Safe Harbor (QNEC) provisions. This structure enabled all eligible employees to receive contributions under a uniform allocation formula while allowing the owners, due to their ages and compensation levels, to receive substantially higher profit sharing allocations.

## Results

The cross-tested Safe Harbor design provided the owners with a high level of retirement savings efficiency while maintaining full compliance with nondiscrimination rules. Employees received meaningful benefits, and the company strengthened its ability to retain talent without increasing payroll costs.

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Eligible Employees			Cross-Tested Profit Sharing Plan			
Employee	Age	Salary	401(k) Deferrals	Safe Harbor (QNEC)	Profit Sharing	Total
Owner 1	58	\$305,000	\$30,500	\$9,150	\$36,850	\$76,500
Owner 2	49	\$305,000	\$23,000	\$9,150	\$36,850	\$69,000
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
<b>Totals</b>		<b>\$900,000</b>	<b>\$53,500</b>	<b>\$27,000</b>	<b>\$79,500</b>	<b>\$160,000</b>
<b>Employee Benefit (Funded by Employer)</b>						<b>\$14,500</b>
<b>Employer Benefit Total</b>						<b>\$145,500</b>
<b>Percentage to Owners</b>						<b>91%</b>

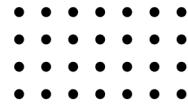
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Please contact us for additional details.

**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

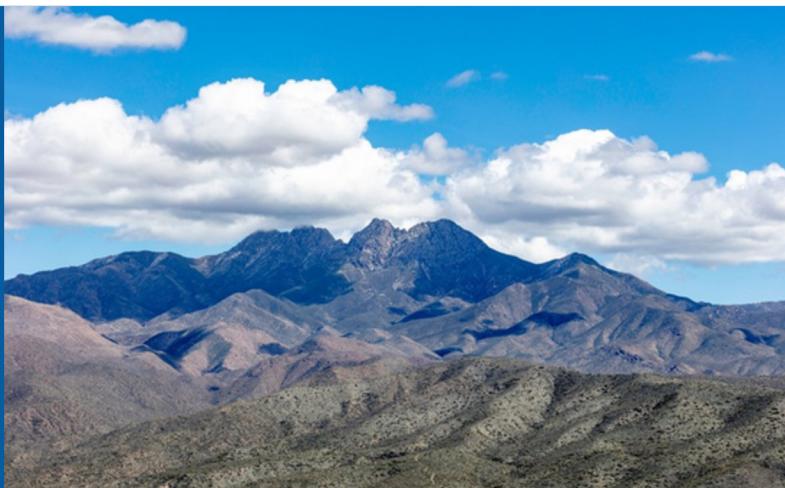
Same reliable team, same independent ownership, exciting new name. We are your experienced, reliable retirement plan consulting team. Our attention to detail is unmatched, and our commitment to you is unwavering.

## 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 name change.



[nydiaretirement.com](http://nydiaretirement.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

Phone: (602) 944-1515

Fax (602) 944-1614

Email: [info@nydiaretirement.com](mailto:info@nydiaretirement.com)

## HEADQUARTERS

7600 N. 16th Street Suite 240  
Phoenix AZ 85020