

Qualified Plan Services

Definition:

Devise and implement strategies to achieve client objective via qualified plan. This may include the complete design or re-design of a plan, advice relating to certain aspects of a plan's provisions and providing plan documents.

Benefits:

Depending on the client's objectives, a client may realize any of the following benefits:

- Increased contributions for the business owners
- Decrease in overall plan contributions
- Contributions skewed in favor of key personnel
- Reduction in administration costs
- Increased flexibility in determining annual plan contributions
- Assets are protected from creditors
- Increase in employee loyalty and morale
- Increased operational compliance with ERISA and Internal Revenue Code

Process:

- Meet with client to discuss their objectives regarding the plan
- Gather census information
- Perform analysis of data and prepare illustrations
- Meet with client to discuss results of analysis
- Revise plan document

Case Example:

A professional service business with owners ranging from age 38 to 63 wanted to redesign their existing 401(k) and money purchase plans for the purpose of:

- Providing the maximum retirement benefit for the four senior shareholders
- Increasing the retirement benefit for four additional shareholders
- Allocating additional discretionary contributions to key, non-shareholder professionals
- Keeping the contribution level to the remaining participants at about the current level

Their existing plans allocated the contributions so that each participant received essentially the same percentage of pay. By adding a cash balance defined contribution plan and changing the profit sharing allocation mechanism in the profit sharing plan, we were able to:

- Allocate an additional \$70,000 to the four senior shareholders
- Increase the other shareholder contributions by \$30,000
- Carve out selected non-shareholders to exclusively share a portion of the profit sharing contribution
- Increase other participants' contributions by only 1%.