



# Your Third Party Administrator

Front Nine Administration

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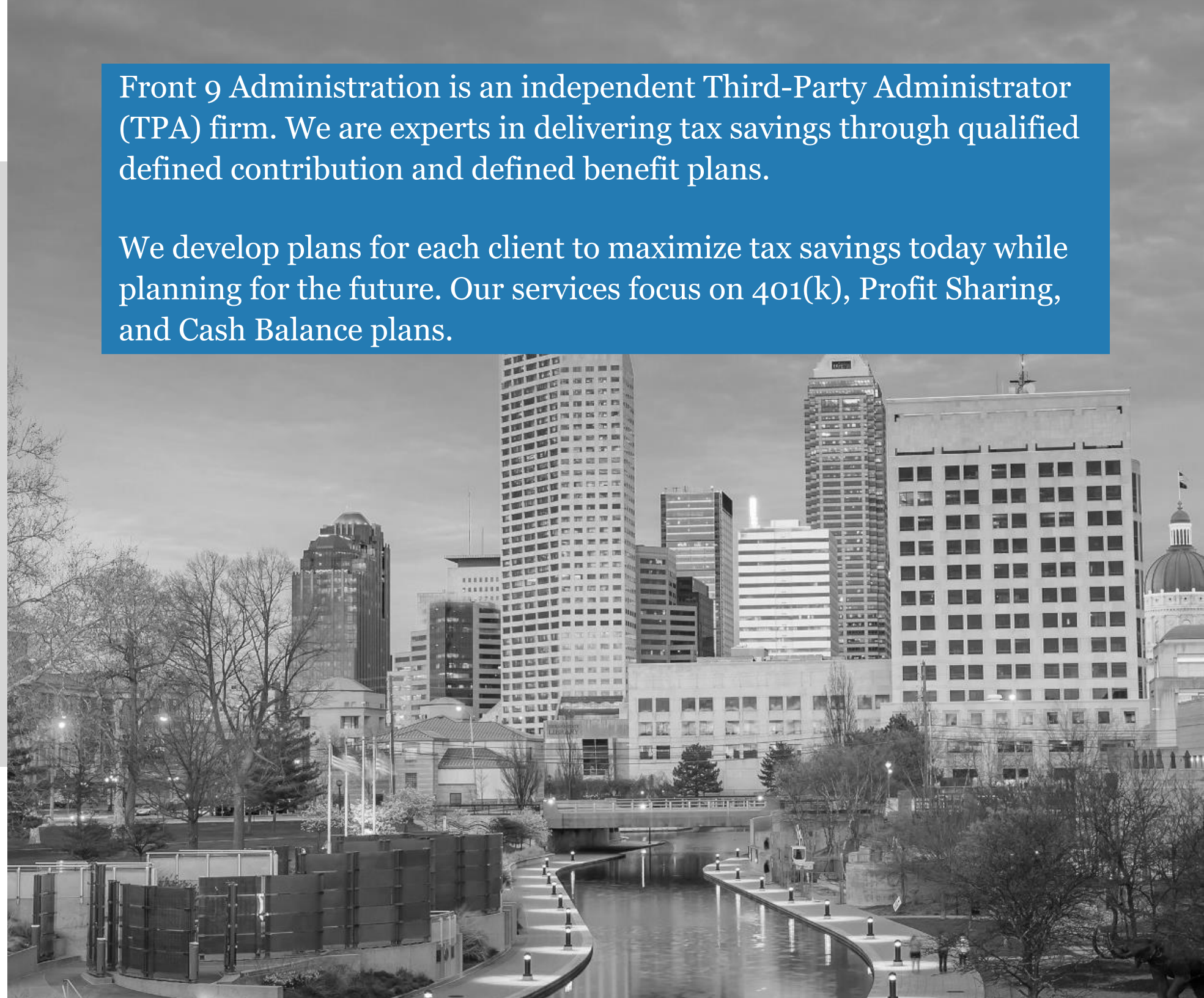


Front 9 Administration is an independent Third-Party Administrator (TPA) firm. We are experts in delivering tax savings through qualified defined contribution and defined benefit plans.

We develop plans for each client to maximize tax savings today while planning for the future. Our services focus on 401(k), Profit Sharing, and Cash Balance plans.

“A person should set his goals as early as he can and devote all his energy and talent to getting there.”

- Walt Disney



1

Custom Documents

2

IRS and DOL Consider Enrolled Actuaries to be QP Experts

3

IRS Requires Annual IRS Actuarial Certifications and Valuations

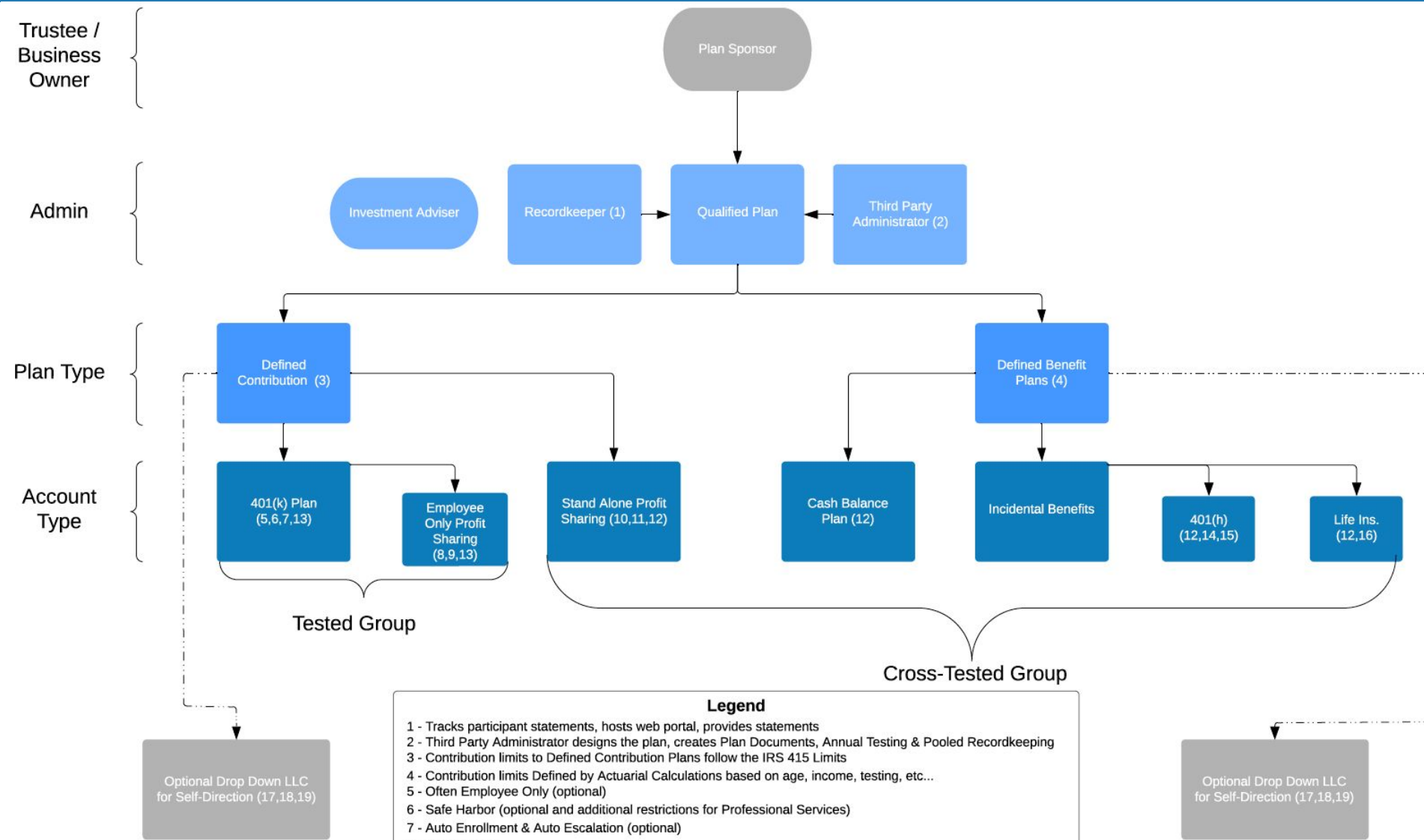
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401 h Post-retirement Medical Reimbursement

# OUR ROLE AS A TPA



# Qualified Plan Road Map



**Legend**

- 1 - Tracks participant statements, hosts web portal, provides statements
- 2 - Third Party Administrator designs the plan, creates Plan Documents, Annual Testing & Pooled Recordkeeping
- 3 - Contribution limits to Defined Contribution Plans follow the IRS 415 Limits
- 4 - Contribution limits Defined by Actuarial Calculations based on age, income, testing, etc...
- 5 - Often Employee Only (optional)
- 6 - Safe Harbor (optional and additional restrictions for Professional Services)
- 7 - Auto Enrollment & Auto Escalation (optional)
- 8 - Discretionary
- 9 - Employee Reward Based (optional)
- 10 - Pooled Account
- 11 - 3 Year Cliff Vesting Schedule
- 12 - Trustee Directed
- 13 - Participant Directed
- 14 - Post Retirement Health Care Reimbursement Plan
- 15 - Tax Free Withdrawals for Qualified Medical Expenses
- 16 - Life Insurance Contract Only
- 17 - Additional Legal Documents required
- 18 - Optional LLC created Non-traditional investing within Prohibited Transaction & UBIT guidelines
- 19 - Valuations on the assets are required annually

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# QUALIFIED PLANS



## Two Types:

- Defined Contribution
- Defined Benefit

# DEFINED CONTRIBUTION

## 2025 Contribution Limits

SIMPLE Plan	\$16,500 (\$3,500 Catch-Up Over Age 50)
SEP Plan	\$70,000
401k	\$23,500 (\$7,500 Catch-Up Over Age 50)
Profit Sharing	\$70,000

# Q&A

“Why would I choose a 401k profit sharing plan over other *seemingly easier* types of plans?”

## 401k/Profit Sharing

Year	2025
Age	56
Wages	\$75,000
401k Limit	\$23,500
PS Limit (25%)	\$18,750
Contributions	
Preliminary	\$42,250
Catch Up	\$7,500
<b>Allowable</b>	<b>\$49,750</b>

## SEP IRA

Year	2025
Age	56
Wages	\$75,000
Contribution (25% Limit)	\$18,750

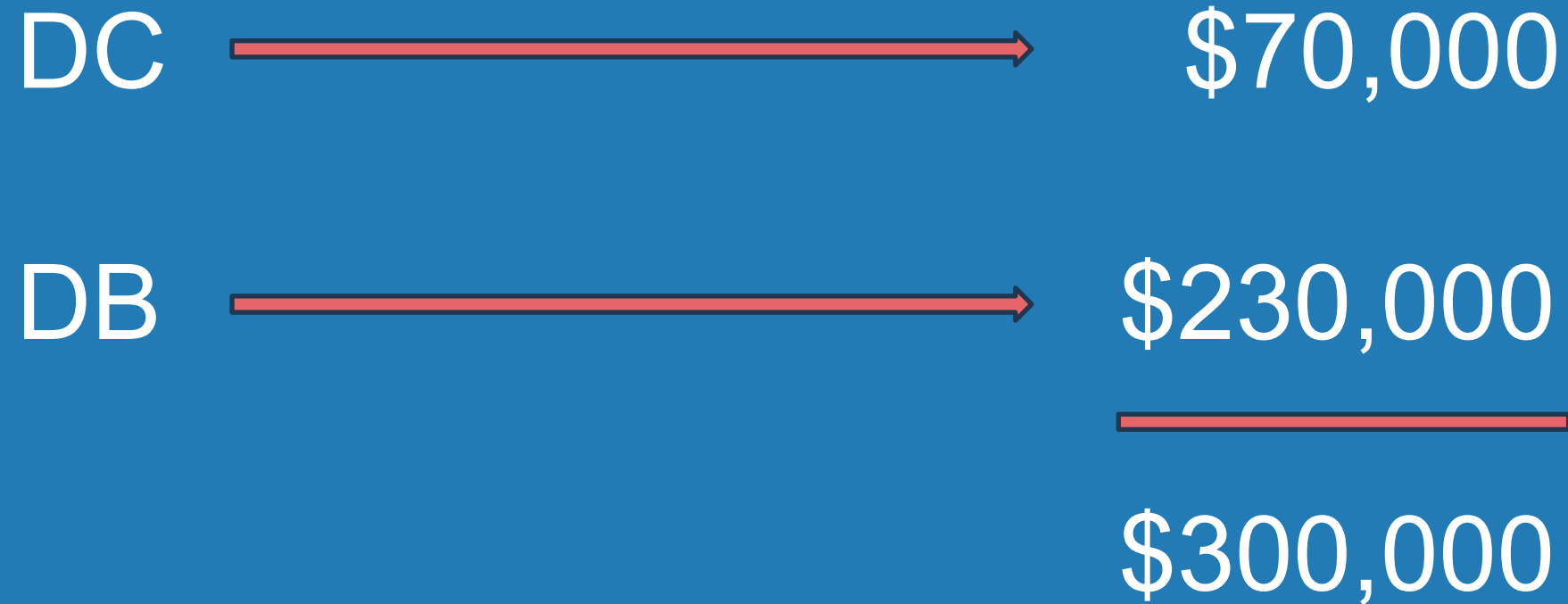
## SIMPLE IRA

Year	2025
Age	56
Wages	\$75,000
Contributions	
Preliminary	\$15,500
Catch Up	\$3,500
Employer Match	\$2,250
Total	\$21,250

# DEFINED BENEFIT

- Actuarial Calculation based on Age and Income
- Contribution will fund an annuity of \$265,000 beginning at Retirement
- For Presentation Purposes, let's assume the average annual contribution is \$230,000

# QUALIFIED PLAN MAX



# TAX IMPACT

DC & DB Total Contribution	\$300,000
Top Federal Bracket	37%
<b>Total Tax Savings</b>	<b>\$111,000</b>

# Plan Design Option



## Retirement Analysis - Main Street, Inc - January 01, 2025 to December 31, 2025

### Profit Sharing and Cash Balance Plan Allocations

Name	Actuarial Age	Salary	401(k) Deferrals	Matching Allocation	Safe Harbor Non-Elective	Profit Sharing Allocation	Cash Balance Allocation	401(h) Allocation	Employer Allocations	Total Allocations	% of Salary (Efficiency)
*****, Bob	43	\$290,000.00	\$0.00	\$0.00	\$0.00	\$56,650.00	\$477,259.81	\$0.00	\$533,909.81	\$533,909.81	184.11%
*****, Jane	42	\$115,000.00	\$0.00	\$0.00	\$0.00	\$6,350.00	\$147,740.19	\$0.00	\$154,090.19	\$154,090.19	133.99%
<b>Target Totals:</b>		<b>\$405,000.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$63,000.00</b>	<b>\$625,000.00</b>	<b>\$0.00</b>	<b>\$688,000.00</b>	<b>\$688,000.00</b>	<b>96.71%</b>
*****, Susan	41	\$213,281.00	\$0.00	\$0.00	\$0.00	\$4,560.96	\$0.00	\$0.00	\$4,560.96	\$4,560.96	2.14%
*****, Tom	46	\$19,675.00	\$0.00	\$0.00	\$0.00	\$841.49	\$0.00	\$0.00	\$841.49	\$841.49	4.28%
*****, Bill	25	\$47,043.00	\$0.00	\$0.00	\$0.00	\$2,012.00	\$0.00	\$0.00	\$2,012.00	\$2,012.00	4.28%
*****, Rachel	27	\$98,554.00	\$0.00	\$0.00	\$0.00	\$4,215.10	\$0.00	\$0.00	\$4,215.10	\$4,215.10	4.28%
*****, Suzanne	45	\$96,000.00	\$0.00	\$0.00	\$0.00	\$4,105.87	\$0.00	\$0.00	\$4,105.87	\$4,105.87	4.28%
*****, Carl	29	\$55,573.00	\$0.00	\$0.00	\$0.00	\$2,376.83	\$0.00	\$0.00	\$2,376.83	\$2,376.83	4.28%
*****, Edith	18	\$28,057.00	\$0.00	\$0.00	\$0.00	\$1,199.98	\$0.00	\$0.00	\$1,199.98	\$1,199.98	4.28%
*****, Roger	33	\$40,766.00	\$0.00	\$0.00	\$0.00	\$1,743.54	\$0.00	\$0.00	\$1,743.54	\$1,743.54	4.28%
*****, Peter	18	\$23,715.00	\$0.00	\$0.00	\$0.00	\$1,014.28	\$0.00	\$0.00	\$1,014.28	\$1,014.28	4.28%
*****, Shannon	52	\$31,257.00	\$0.00	\$0.00	\$0.00	\$1,336.84	\$0.00	\$0.00	\$1,336.84	\$1,336.84	4.28%
<b>Staff Totals:</b>		<b>\$653,921.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$23,406.89</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$23,406.89</b>	<b>\$23,406.89</b>	<b>3.29%</b>
<b>Grand Totals:</b>		<b>\$1,058,921.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$86,406.89</b>	<b>\$625,000.00</b>	<b>\$0.00</b>	<b>\$711,406.89</b>	<b>\$711,406.89</b>	<b>100.00%</b>

CASE STUDY #1

## Plan Design Option A

Client, Inc										
January 01, 2025 to December 31, 2025										
401(k) Profit Sharing and Cash Balance Plan Allocations										
Name	Actuarial Age	Salary	401(k) Deferrals	Matching Allocation	Safe Harbor Non-Elective	Profit Sharing Allocation	Net Cash Balance Allocation	401(h) Allocation	Total Allocations	% of Salary (Efficiency)
*****, Robert	55	\$183,977	\$30,000	\$6,800	\$0	\$9,199	\$242,209	\$27,502	\$315,710	171.60%
*****, Sharilynn	51	\$178,458	\$30,000	\$6,800	\$0	\$8,923	\$201,013	\$27,778	\$274,514	153.83%
*****, Lucy	28	\$60,833	\$1,405	\$1,345	\$0	\$4,500	\$0	\$0	\$7,250	11.92%
*****, Victor	23	\$12,800	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.00%
<b>Owner Totals:</b>		<b>\$436,068</b>	<b>\$61,405</b>	<b>\$14,945</b>	<b>\$0</b>	<b>\$22,622</b>	<b>\$443,222</b>	<b>\$55,280</b>	<b>\$597,474</b>	
<b>Staff Totals:</b>		<b>\$1,044,290</b>	<b>\$50,203</b>	<b>\$25,565</b>	<b>\$0</b>	<b>\$42,426</b>	<b>\$0</b>	<b>\$1,065</b>	<b>\$119,259</b>	
<b>Grand Totals:</b>		<b>\$1,480,358</b>	<b>\$111,608</b>	<b>\$40,510</b>	<b>\$0</b>	<b>\$65,048</b>	<b>\$443,222</b>	<b>\$56,345</b>	<b>\$716,733</b>	

Efficiency to Owner(s): 89.64%

# Sample Employee Breakdown

## Client, Inc - January 01, 2025 to December 31, 2025 - 401(k) Profit Sharing and Cash Balance Plan Allocations

Name	Actuarial Age	Salary	401(k) Deferrals	Matching Allocation	Safe Harbor Non-Elective	Profit Sharing Allocation	Net Cash Balance Allocation	401(h) Allocation	Total Allocations	% of Salary (Efficiency)
*****, Robert	55	\$183,977	\$30,000	\$6,800	\$0	\$9,199	\$242,209	\$27,502	\$285,710	155.30%
*****, Sharilynn	51	\$178,458	\$30,000	\$6,800	\$0	\$8,923	\$201,013	\$27,778	\$244,514	137.01%
*****, Lucy	28	\$60,833	\$1,405	\$1,345	\$0	\$4,500	\$0	\$0	\$5,845	9.61%
*****, Victor	23	\$12,800	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.00%
*****, Jordan	61	\$150,472	\$0	\$0	\$0	\$4,514	\$0	\$0	\$4,514	3.00%
*****, Maya	60	\$180,401	\$10,480	\$6,586	\$0	\$5,412	\$0	\$0	\$11,998	6.65%
*****, Priya	45	\$106,476	\$7,453	\$4,259	\$0	\$32,500	\$0	\$1,065	\$37,824	35.52%
*****, Lucas	56	\$3,766	\$226	\$151	\$0	\$0	\$0	\$0	\$151	4.01%
*****, Amina	32	\$135,563	\$13,056	\$5,223	\$0	\$0	\$0	\$0	\$5,223	3.85%
*****, Owen	48	\$115,769	\$2,481	\$2,481	\$0	\$0	\$0	\$0	\$2,481	2.14%
*****, Sofia	29	\$65,000	\$1,875	\$1,875	\$0	\$0	\$0	\$0	\$1,875	2.88%
*****, Diego	48	\$77,924	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.00%
*****, Harper	67	\$54,369	\$11,056	\$2,129	\$0	\$0	\$0	\$0	\$2,129	3.92%
*****, Malik	57	\$71,514	\$3,576	\$2,861	\$0	\$0	\$0	\$0	\$2,861	4.00%
*****, Isla	34	\$69,437	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.00%
*****, Felix	32	\$13,599	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.00%

CASE STUDY #2

## Plan Design Option B

Client, Inc								
Plan Years: 12/31/2024 to 12/30/2025 & 12/31/2025 to 12/30/2026								
401(k) Profit Sharing and Cash Balance Plan Allocations								
Name	Actuarial Age	401(k) Deferrals	Matching Allocation	Safe Harbor Non-Elective	Profit Sharing Allocation	Net Cash Balance Allocation	401(h) Allocation	Total Allocations
*****, Robert	55	\$30,000	\$6,800	\$0	\$9,199	\$571,738	\$27,502	\$645,239
*****, Sharilynn	51	\$30,000	\$6,800	\$0	\$8,923	\$471,026	\$27,778	\$544,527
<b>Owner Totals:</b>		<b>\$60,000</b>	<b>\$13,600</b>	<b>\$0</b>	<b>\$18,122</b>	<b>\$1,042,764</b>	<b>\$55,280</b>	<b>\$1,189,766</b>
<b>Staff Totals:</b>		<b>\$50,203</b>	<b>\$25,565</b>	<b>\$0</b>	<b>\$42,426</b>	<b>\$0</b>	<b>\$1,065</b>	<b>\$126,509</b>
<b>Grand Totals:</b>		<b>\$111,608</b>	<b>\$40,510</b>	<b>\$0</b>	<b>\$65,048</b>	<b>\$1,042,764</b>	<b>\$56,345</b>	<b>\$1,316,275</b>

Efficiency to Owner(s): 94.08%

## Optional Life Insurance Plan Design C

Client, Inc

January 01, 2025 to December 31, 2025

### 401(k) Profit Sharing and Cash Balance Plan Allocations

Name	Actuarial Age	Salary	401(k) Deferrals	Matching Allocation	Safe Harbor Non-Elective	Profit Sharing Allocation	Cash Balance Allocation	401(h) Allocation	Life Ins. Premiums	Total Allocations	Life Ins. Max Face
*****, Robert	55	\$183,977	\$30,000	\$6,800	\$0	\$9,199	\$242,209	\$27,502	\$0	\$315,710	\$2,208,333
*****, Sharilynn	51	\$178,458	\$30,000	\$6,800	\$0	\$8,923	\$201,013	\$27,778	\$0	\$274,514	\$2,208,333
<b>Owner Totals:</b>		<b>\$362,435</b>	<b>\$60,000</b>	<b>\$13,600</b>	<b>\$0</b>	<b>\$18,122</b>	<b>\$443,222</b>	<b>\$55,280</b>	<b>\$0</b>	<b>\$590,224</b>	
<b>Staff Totals:</b>		<b>\$1,117,923</b>	<b>\$51,608</b>	<b>\$26,910</b>	<b>\$0</b>	<b>\$46,926</b>	<b>\$0</b>	<b>\$1,065</b>	<b>\$0</b>	<b>\$126,509</b>	
<b>Grand Totals:</b>			<b>\$111,608</b>	<b>\$40,510</b>	<b>\$0</b>	<b>\$65,048</b>	<b>\$443,222</b>	<b>\$56,345</b>	<b>\$0</b>	<b>\$716,733</b>	

Efficiency to Owner(s):

88.74%

**Plan Design Option**

**Retirement Analysis - Acme, Inc**

**January 01, 2025 to December 31, 2025**

**401(k) Profit Sharing and Cash Balance Plan Allocations**

Name	Actuarial Age	Salary	401(k) Deferrals	Matching Allocation	Safe Harbor Non-Elective	Profit Sharing Allocation	Cash Balance Allocation	401(h) Allocation	Total Allocations	% of Salary (Efficiency)
*****, Gertrude	62	\$200,000	\$27,000	\$0	\$0	\$800	\$312,603	\$39,700	\$380,103	190.05%
*****, Ray	61	\$28,000	\$27,000	\$0	\$0	\$112	\$1,850	\$888	\$29,850	106.61%
<b>Owner Totals:</b>		<b>\$228,000</b>	<b>\$54,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$912</b>	<b>\$314,453</b>	<b>\$40,588</b>	<b>\$409,953</b>	
<b>Staff Totals:</b>		<b>\$688,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$16,800</b>	<b>\$29,424</b>	<b>\$11,600</b>	<b>\$2,800</b>	<b>\$60,624</b>	
<b>Grand Totals:</b>		<b>\$1,058,921</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$30,336</b>	<b>\$326,053</b>	<b>\$43,388</b>	<b>\$470,577</b>	

**Plan Design Option A**

**Retirement Analysis - First Corp, Inc**  
**January 01, 2025 to December 31, 2025**  
**401(k) Profit Sharing and Cash Balance Plan Allocations**

Name	Actuarial Age	Salary	401(k) Deferrals	Matching Allocation	Safe Harbor Non-Elective	Profit Sharing Allocation	Cash Balance Allocation	401(h) Allocation	Total Allocations	% of Salary (Efficiency)
*****, Sarah	41	\$173,000	\$0	\$0	\$0	\$8,650	\$101,576	\$30,000	\$140,226	81.06%
*****, Monica	40	\$173,000	\$0	\$0	\$0	\$8,650	\$97,061	\$30,000	\$135,711	78.45%
<b>Owner Totals:</b>		<b>\$346,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$17,300</b>	<b>\$198,637</b>	<b>\$60,000</b>	<b>\$275,937</b>	
<b>Staff Totals:</b>		<b>\$252,740</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,625</b>	<b>\$0</b>	<b>\$600</b>	<b>\$5,225</b>	
<b>Grand Totals:</b>		<b>\$598,740</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$21,925</b>	<b>\$198,637</b>	<b>\$60,600</b>	<b>\$281,162</b>	

Efficiency to Owner(s): 98.14%

## Plan Design Option B

### Retirement Analysis - First Corp, Inc

Plan Years: 12/31/2024 to 12/30/2025 & 12/31/2025 to 12/30/2026

### 401(k) Profit Sharing and Cash Balance Plan Allocations

Name	Actuarial Age	Salary	401(k) Deferrals	Matching Allocation	Safe Harbor Non-Elective	Profit Sharing Allocation	Cash Balance Allocation	401(h) Allocation	Total Allocations	% of Salary (Efficiency)
*****, Sarah	41	\$173,000	\$0	\$0	\$0	\$8,650	\$232,511	\$30,000	\$271,161	156.74%
*****, Monica	40	\$173,000	\$0	\$0	\$0	\$8,650	\$221,662	\$30,000	\$260,312	150.47%
<b>Owner Totals:</b>		<b>\$346,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$17,300</b>	<b>\$454,173</b>	<b>\$60,000</b>	<b>\$531,473</b>	
<b>Staff Totals:</b>		<b>\$252,740</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,625</b>	<b>\$0</b>	<b>\$600</b>	<b>\$5,225</b>	
<b>Grand Totals:</b>		<b>\$598,740</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$21,925</b>	<b>\$454,173</b>	<b>\$60,600</b>	<b>\$536,698</b>	

Efficiency to Owner(s): 99.03%

## Optional Life Insurance Plan Design C

Retirement Analysis - First Corp, Inc

January 01, 2025 to December 31, 2025

### 401(k) Profit Sharing and Cash Balance Plan Allocations

Name	Actuarial Age	Salary	401(k) Deferrals	Matching Allocation	Safe Harbor Non-Elective	Profit Sharing Allocation	Cash Balance Allocation	401(h) Allocation	Life Ins. Premiums	Total Allocations	Life Ins. Max Face
*****, Sarah	41	\$173,000	\$0	\$0	\$0	\$8,650	\$101,576	\$0	\$30,000	\$140,226	\$1,916,667
*****, Monica	40	\$173,000	\$0	\$0	\$0	\$8,650	\$97,061	\$0	\$30,000	\$135,711	\$1,916,667
<b>Owner Totals:</b>		<b>\$346,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$17,300</b>	<b>\$198,637</b>	<b>\$0</b>	<b>\$60,000</b>	<b>\$275,937</b>	
<b>Staff Totals:</b>		<b>\$252,740</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,625</b>	<b>\$0</b>	<b>\$600</b>	<b>\$0</b>	<b>\$5,225</b>	
<b>Grand Totals:</b>		<b>\$598,740</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$21,925</b>	<b>\$198,637</b>	<b>\$600</b>	<b>\$60,000</b>	<b>\$281,162</b>	

# GENERAL PRICING ESTIMATES



## WHAT WE DO FOR YOU

- 1 Customized Plan Document Prep
- 2 5500 Form Prep & Filing
- 3 Annual Valuation
- 4 ADP / ACP Testing
- 5 Plan EIN Application
- 6 401(h) Addendum

**Service**  
Our team is focused on serving you

**Fee Only**  
Clear, transparent pricing

**Plan Efficiency**  
Designed with owner's focus in mind

**Expert Advice**  
Dedicated, expert team providing tailored solutions

## PRICING

Installation/Set-up Fee \$1,000

### Annual Fees

Annual Plan Documents Maintenance \$1,250

Tiered Fee Based on Number of Participants:

1-5 Participants	\$4,500
6-10 Participants	\$5,000
11-25 Participants	\$6,000
26-50 Participants	\$7,000
51-100 Participants	\$8,000

### 401k Plan Services

Recordkeeper Pricing Excluded

Secure 2.0 allows new eligible plans credits up to \$5,000 to offset Admin Costs - Consult with your CPA

*Proposal pricing valid for 90 days*

# 401h Tax Trifecta

- 1** Tax Deductible Contributions
- 2** Tax Exempt Earnings
- 3** Tax Free Payouts for Medical Expenses



# WHAT WE DO FOR YOU

- 1 Customized Plan Document Prep
- 2 5500 Form Prep & Filing
- 3 Annual Valuations
- 4 ADP / ACP Testing
- 5 Plan EIN Application
- 6 Consulting



## Service

Our team is focused on serving you



## Fee Only

Clear, transparent pricing



## Plan Efficiency

Designed with owner's focus in mind



## Expert Advice

Dedicated, expert team providing tailored solutions

# Retirement Plan FAQ's

- **What is a Cash Balance Plan?**

A Cash Balance Plan is a type of employer sponsored, qualified retirement plan. It is classified as a defined benefit plan, like a pension, but has some characteristics of a defined contribution plan, like a 401(k). Most notably, the value of a Cash Balance Plan is not displayed in dollars per month paid out at retirement like a traditional pension, but rather a total account balance like a 401(k) plan might look.

- **If my company has employees, how much am I required to contribute on their behalf?**

The amount required to contribute to employees is different for each company. A few factors are the contribution amount targeted to highly compensated employees or owners, the age of the employees, and salary of the employees which are accounted for in a series of non-discrimination tests.

- **Why do I have more than one type of plan?**

When a retirement plan solution is designed for a company it might entail more than one type. The reason for this is to separate different types of contributions, some of which are primarily for the benefit of the owners while others are for employees. It is not uncommon to see a cash balance, profit sharing, and 401(k) plan all used together for the benefit of one company. In addition, they may be utilized in different ways to design a comprehensive solution that passes all required testing.

- **How does my investment performance affect my Cash Balance Plan?**

Cash Balance Plans use an actuarial formula based on multiple factors to determine how much money is allowed to be contributed to the plan each year. One part of the equation is the current balance of your plan assets and another is an assumed rate of return each year. If your account performs well above expectations used in these assumptions the plan could become overfunded. That could lead to smaller contributions being allowed in the future than what were originally projected. Conversely, lower than assumed returns could cause the plan to be underfunded and allow/require additional future contributions than what were originally projected.

- **When is the timeline to set up a new plan?**

There are two different types of deadlines to be familiar with. The first is the date by which you have to officially establish your new plan. The second is the date by which you have to make the actual contributions into the plan for a given tax year. Thanks to recent changes included in the SECURE Act, qualified retirement plans can now be established up to tax filing deadlines (plus extension) for the business. Contributions to a retirement plan from the employer like profit sharing or cash balance allocations are due by the tax filing deadline plus extension. Contributions to a retirement plan from the employee like 401(k) deferrals are generally due by December 31st. This distinction is important if your plan design allows for both types.

# Retirement Plan FAQ's

- **Will the final results be exactly the same as illustrated in this Proposal?**

Maybe, but probably not. The actual results of testing and contributions are based on the final census data and asset values provided at the end of the Plan Year. Depending on how accurate the provided information and other changes are compared to final annual data will determine how close these options are to your final figures.

- **How much can an owner contribute to a Cash Balance Plan?**

The amount available for contribution each year is dependent on several variables including age, previous salary history, investment performance and the lifetime benefit limit of the plan.

- **Can I choose specific employees to make contributions to?**

Yes and No. First, contributions are made by Job Classification. This is especially important to understand if utilizing a Carve-Out Plan. Second, other designs allow for more discretionary contributions, but only to the extent allowed by the Plan Document and further restrictions are placed on Professional Services Corporations. Remember, most Plans are designed to retain the highest percentage of contributions benefit to the owner(s).

- **Why do retirement plans have to pass “testing” and what does that mean?**

Retirement plans must pass a series of tests to prove the plan is not skewed toward Key and other highly compensated employees to the detriment of the average employee. There are a variety of tests such as the ADP, ACP, Top Heavy, Coverage and several annual contribution limit tests. Some tests measure the percentage of people that are receiving a benefit while others track a future value. When a plan is designed for your business it must work within the limits of each test specific to the type of plan and must be completed annually.

- **What happens to the money the company contributes to an employee if they leave?**

Most plans utilize a vesting schedule, or a specific amount of time someone must remain with the company to keep the retirement benefit. For example, if the plan had a 3-year cliff vesting schedule, any employee who left or was terminated prior to crediting three years of service would forfeit 100% of their benefit. A year of credited vesting service is usually equal to an employee working 1000 hours or more during a Plan Year.

- **What can the Cash Balance Plan invest in?**

Front 9 Administrations does not offer investment solutions. However, Cash Balance Plans have flexibility surrounding investments and it is common to see investments similar to a 401(k)/PS plan such as stocks, bonds and funds. Please consult your adviser for more options and details.

**THANK YOU FOR THE  
OPPORTUNITY TO SERVE YOU**

