

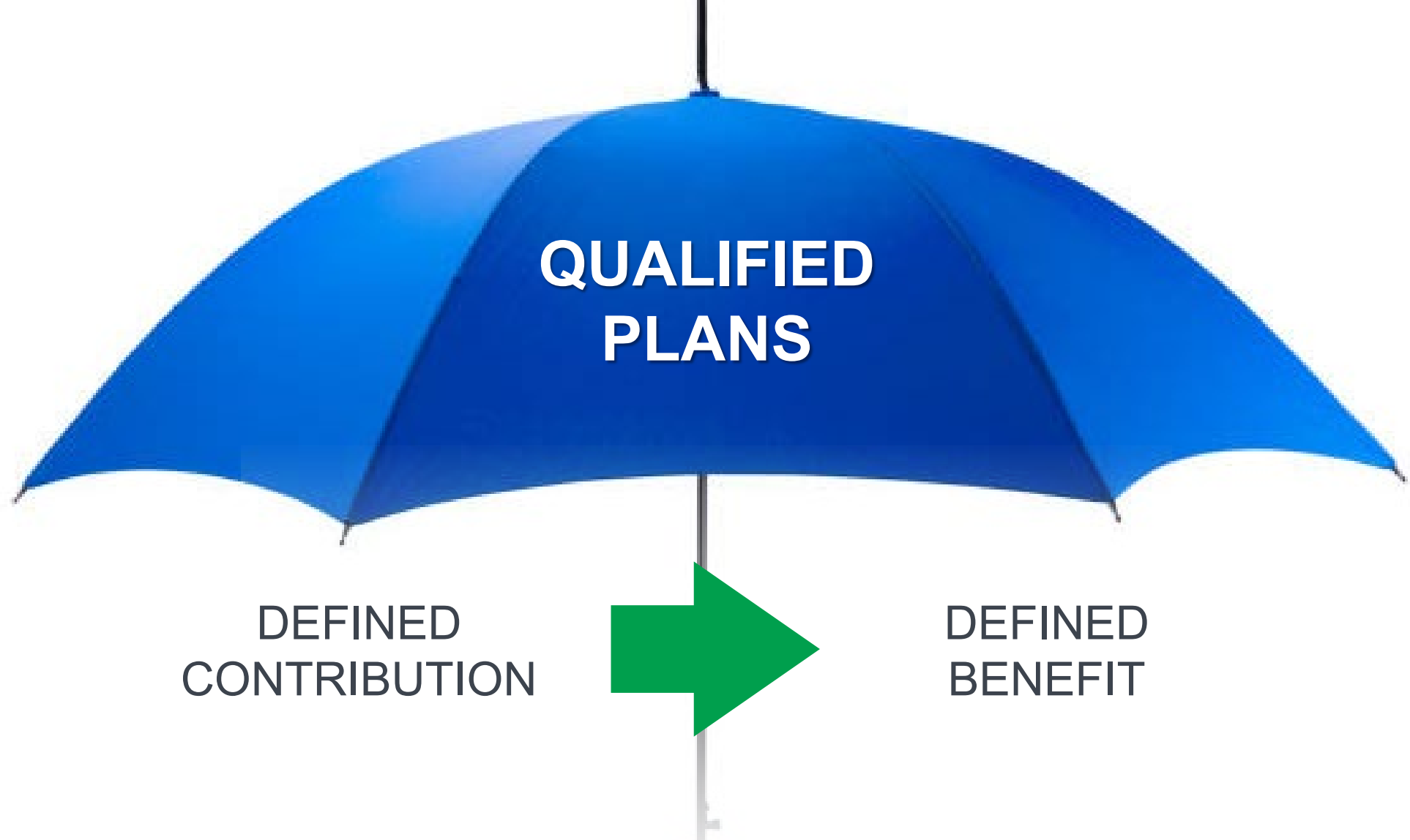


Maximizing Plan Contributions



Tonia McBride, QPA, QKC, QKA, ERPA
Senior Retirement Plan Consultant





Cross-tested Contribution Formula:

The DC contribution is allocated as if it were a DB contribution.





How Does Cross-Testing Work

- Participants are grouped into classes
- Contributions are allocated based on a percentage of compensation to each class and cross-tested to pass its non-discrimination test.



Cross-Testing Factors

Participant's
age

Participant's
compensation

Size of work force
may influence
the outcome

Amount of
employer
contribution





Employee #1

AGE

25

YEARS TO
RETIREMENT

40

Employee #2

AGE

55

YEARS TO
RETIREMENT

10



Example:

	Compensation	Age	Contribution
Highly Compensated Employee #1	\$290,000	55	\$58,000
Non-highly Compensated Employee #1	\$50,000	30	\$2,500
Non-highly Compensated Employee #1	\$35,000	25	\$1,750



 DEFINITI

29th Annual
**401(k)
CLASS**



Want to Know More?

Contact your **Definiti Retirement Plan Consultant** to see if this is an option for your retirement plan.

