

Combination of Defined Benefit Plan & Profit Sharing Plan

A Comparative Illustration

	<u>Age</u>	<u>Wages</u>	<u>2021 Contributions</u>		
			<u>SEP or Profit Sharing</u>	<u>Cross-Tested Profit Sharing</u>	<u>Cross-Tested Profit Sharing & Defined Benefit</u>
Owner	47	\$290,000	\$58,000	\$58,000	\$170,000
Employee 1	50	60,000	12,000	3,000	3,000
Employee 2	30	36,000	7,200	1,800	3,000
Employee 3	20	24,000	4,800	1,200	1,200
Total		\$410,000	\$82,000	\$64,000	\$177,200
Owner's share		71%	71%	91%	96%