

TWO RETIREMENT PLAN OPTIONS STILL AVAILABLE THIS YEAR

WITH POTENTIAL BENEFITS FOR OWNERS & KEY EMPLOYEES

Safe Harbor 401(k) and **Cash Balance Plans** are two options that may allow company owners and key employees to save more for retirement. **Please note: both types of plans can still be set up this year in order to provide tax savings benefit for the full tax year.**

As noted below, the deadline for implementation of a Safe Harbor 401(k) plan is October 1st; however, most third-party plan administrators (TPA's) require plan paperwork by or around August 15th. In order to implement your plan by the deadline, please contact BFG by **August 7th** if you're interested in getting started.

Safe Harbor and Cash Balance Plan designs are beneficial in situations where owners and key employees would like to contribute the maximum allowable deferral even if other employees make little or no contributions. Below is an explanation of the major differences between Cash Balance and Safe Harbor 401(k) Plans*:

	Safe Harbor	Cash Balance
Definition	<ul style="list-style-type: none"> • Defined <u>Contribution</u> Plan • Not subject to annual testing of traditional 401(k) plans 	<ul style="list-style-type: none"> • Defined <u>Benefit</u> Plan • The benefit is a promised account balance
Benefit to Owner & Key Employees	<ul style="list-style-type: none"> • May contribute up to the maximum deferral limits with no testing issues 	<ul style="list-style-type: none"> • May allow for substantially greater company contributions to owners and key employees
Participation	<ul style="list-style-type: none"> • Funded via Employee Compensation 	<ul style="list-style-type: none"> • Generally <u>not</u> funded via Employee Compensation
Investment Risks	<ul style="list-style-type: none"> • Participants invest based on their own Risk Tolerance • Account balances may fluctuate based on investment returns 	<ul style="list-style-type: none"> • Investments often managed by the employer or investment manager • Fluctuations in investment returns do not affect the benefit amount
Deadlines	<ul style="list-style-type: none"> • Contact BFG if interested: August 7 • Paperwork to TPA: August 15 • Plan Implementation: October 1 	<ul style="list-style-type: none"> • Contact BFG if interested: August 7 • Plan Implementation: Corporate Tax Filing Deadline with Extensions (September 15)

**Please contact
BFG by 8/7** if you
are interested in
implementing a
Safe Harbor
401(k) Plan!

For More Information

For more information or assistance, please contact our
Corporate Retirement team at **210-745-6393**, toll-free at
1-888-757-2104, or **CorporateRetirement@BFGonline.com**.



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*Source: United States Department of Labor