



NEW COMPARABILITY PLANS

New Comparability plans maximize retirement benefits for highly-compensated employees and business owners.

ARE CONTRIBUTIONS REQUIRED?

No. Contributions to these plans are generally discretionary, and can be increased, decreased, or even eliminated in future years. This makes New Comparability Plans very flexible for employers that wish to have fluctuating contributions from year to year.

HOW DO THESE PLANS WORK?

New Comparability Plans allow an employer to make a separate contribution for different groups of employees. These groups are typically defined as Owners, Other Highly Compensated Employees and Non-highly Compensated Employees, but other classifications can be defined depending on an employer's goals. Some companies may wish to divide employees by job classification or title. Contributions made to the various groups are allocated or divided among the employees in each group based on salary.

WHAT TYPE OF BUSINESSES CAN ADOPT THESE PLANS?

Because the Internal Revenue Code requires New Comparability Plans to pass an annual nondiscrimination test, these plans work best for employers whose owners and highly compensated employees are older (on average) than the company's other employees.

CAN EMPLOYEES MAKE CONTRIBUTIONS?

Yes. These plans can either be set up as a stand-alone profit sharing plan (employer contributions only), or they can include a 401(k) feature allowing employees to make contributions.

WILL THIS PLAN WORK FOR ME?

To see if New Comparability is appropriate for your business, complete the request for proposal form on our website at www.julyservices.com.

COMPARISON OF PLANS

DEMOGRAPHICS			ALLOCATION METHODS			
EMPLOYEE	AGE	SALARY	SALARY PROPORTIONAL	FICA INTEGRATED	AGE-WEIGHTED	NEW COMPARABILITY
Owner 1	53	\$245,000	\$44,095.93	\$47,786.74	\$49,000.00	\$49,000.00
Owner 2	47	\$150,000	\$26,997.51	\$27,468.18	\$40,438.32	\$49,000.00
Employee 1	40	\$52,000	\$9,359.14	\$8,313.74	\$7,919.49	\$2,600.00
Employee 2	35	\$48,000	\$8,639.20	\$7,674.22	\$4,861.68	\$2,400.00
Employee 3	30	\$40,000	\$7,199.33	\$6,395.19	\$2,694.36	\$2,000.00
Employee 4	28	\$35,000	\$6,299.42	\$5,595.78	\$2,002.65	\$1,750.00
Employee 5	25	\$32,000	\$5,759.47	\$5,116.15	\$1,433.50	\$1,600.00
Totals		\$602,000	\$108,350.00	\$108,350.00	\$108,350.00	\$108,350.00

The example above illustrates the benefits of New Comparability Plans. This example shows a company with two owners and five other employees for a total of seven that are eligible to participate in the plan. The owners wanted to maximize their contributions to the retirement plan. This was accomplished through the use of New Comparability.