Profit Sharing Plans can be designed as an employee benefit where contributions are allocated to participants in proportion to salary, or they can be designed to primarily benefit business owners, highly compensated employees, or older participants. All contributions are funded by the employer.

**Discretionary Contributions**
Contributions to Profit Sharing Plans are discretionary, and employers can contribute up to 25% of total eligible salary each year.

**Tax Benefits**
Employers can take a tax deduction for contributions made to Profit Sharing Plans, and the plan’s investment earnings grow on a tax-deferred basis.

**Flexible Investments**
Profit Sharing Plans permit many types of investments, including mutual funds and other investments offered through your financial advisor.

**Allocation Methods**
Contributions to Profit Sharing Plans can be allocated to or divided up among participants using one of the following allocation methods:

- **Salary Proportional** - contributions are allocated in proportion to salary.
- **FICA Integrated** - contributions are allocated in proportion to salary, with an additional allocation to participants whose earnings exceed a certain figure, usually the indexed FICA wage limit ($132,900 for 2019).
- **Age-Weighted** - contributions are allocated with consideration both to compensation and to age. In practice, older participants get a larger allocation than younger participants with the same earnings.
- **New Comparability Plans** - allow employers to make separate contributions for different groups of employees. Groups are often defined as Owners, Other Highly Compensated Employees and Non-highly Compensated Employees. Other groups can be defined depending on an employer’s goals. Contributions made to each group are allocated among the employees in each group based on salary.

**July Business Services**
The professionals at JULY have more than 25 years of experience designing, implementing, and operating Qualified Retirement Plans. We can provide you with the information and tools you need to make your retirement plan a success. Our services include:

- Plan Design & Document Services
- Employee Communications
- Nondiscrimination Testing
- Distribution & Loan Processing
- Tax Compliance Services

Learn more about Profit Sharing Plans at [www.julyservices.com](http://www.julyservices.com).