

Sample DC/CB Proposal

Combined Plan Proposal
For the Plan Year Ending December 31, 2023

Prepared By
Actuarial Systems Corporation

This DC/CB Proposal and Budget Report is meant for illustration purposes only. The assumptions, data and results used for proposal purposes may not always be appropriate for valuation purposes.

**Sample DC/CB Proposal
Compliance Testing Summary
For Plan Year Ending December 31, 2023**

401(a)(4) Nondiscrimination Test

Test: Pass

401(a)(26) DB Minimum Participation Test

Test: Pass

402(g) Excess Deferrals Test

Test: Pass

404 DC/CB Combined Deduction Limit

Contributions Exceeding Limit: No

410(b) Coverage Test

Test: Pass

415(c) Maximum Allocations Test

Test: Pass

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SAMPLE

Sample DC/CB Proposal
Plan Specifications
For Plan Year Ending December 31, 2023

		<u>DC Plan</u>	<u>CB Plan</u>
Primary Eligibility	Age:	21	21
	Service:	1 year	1 year
	Exclusions:	Union, Leased, and Nonresidents	None
	Entry Date(s):	Jan 1 and Jul 1	Jan 1 and Jul 1
	Source(s):	Employee Deferral, Employer	
Normal Retirement	Age:	62	62
	Participation:	1	1
Contributions	Group 1:	\$100	\$104,455
	Group 2:	12.18%	6% of compensation
415 Maximum Benefit		\$66,000	Lesser of \$22,083.30 and 100% of the highest 3-year average salary, subject to service requirements.

Budget Conditions

Budget Amount	\$200,000
Budget Includes Deferrals	No
Increment Amount	1.00%
Maximum DC Percent	20.00%

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**Sample DC/CB Proposal
Summary of Assumptions**
For Plan Year Ending December 31, 2023

	For Funding			
	<u>Min</u>	<u>Max</u>	<u>For Actuarial Equivalence</u>	
Interest Rates	Seg 1:	4.75%	4.21%	Pre-Retirement: 5.00%
	Seg 2:	5.00%	4.86%	Post-Retirement: 5.00%
	Seg 3:	5.74%	4.87%	
Applicable Date	12/2023	12/2023		
Pre-Retirement	No pre-retirement decrements			
Assumed Ret Age	Normal retirement age 62 and 1 years of participation			Normal retirement age 62 and 1 years of participation
Post-Retirement				
Mortality	Male-2023 Static Table - Combined Female-2023 Static Table - Combined Female			2023 Applicable Mortality Table from Notice 2022-22
Assumed Benefit Form For Funding				100% Lump Sum / 0% Normal Form
Cash Balance Interest Crediting Rate				5.00% annual rate
Cash Balance Projected Interest Crediting Rate				5.00% annual rate

**Sample DC/CB Proposal
Employee Census**
For Plan Year Ending December 31, 2023

<u>Participant Name</u>	<u>Owner Pct</u>	<u>HCE</u>	<u>Key</u>	<u>Date of Birth</u>	<u>Date of Hire</u>	<u>Current Comp</u>	<u>Hours</u>	<u>Defined Contribution Plan</u>			<u>Cash Balance Plan</u>		
								<u>Status Code</u>	<u>Date of Entry</u>	<u>Group Code</u>	<u>Status Code</u>	<u>Date of Entry</u>	<u>Group Code</u>
Owner/HCE	100.00	Y	Y	01/01/1960	01/01/2015	250,000.00	2080	B	01/01/2023	1	B	01/01/2023	1
Subtotal (1 Participant):						250,000.00							
Staff2/NHCE		N	N	01/01/1970	01/01/2017	50,000.00	2080	B	01/01/2023	2	B	01/01/2023	2
Staff3/NHCE		N	N	01/01/1960	01/01/2017	50,000.00	2080	B	01/01/2023	2	B	01/01/2023	2
Staff4/NHCE		N	N	01/01/1975	01/01/2017	100,000.00	2080	B	01/01/2023	2	B	01/01/2023	2
Staff6/NHCE		N	N	01/01/1965	01/01/2017	50,000.00	2080	B	01/01/2023	2	B	01/01/2023	2
Staff7/NHCE		N	N	01/01/1955	01/01/2017	100,000.00	2080	B	01/01/2023	2	B	01/01/2023	2
Staff8/NHCE		N	N	01/01/1955	01/01/2017	25,000.00	2080	B	01/01/2023	2	B	01/01/2023	2
Staff9/NHCE		N	N	01/01/1960	01/01/2017	50,000.00	2080	B	01/01/2023	2	B	01/01/2023	2
Staff10/NHCE		N	N	01/01/1970	01/01/2017	50,000.00	2080	B	01/01/2023	2	B	01/01/2023	2
Staff11/NHCE		N	N	01/01/1965	01/01/2017	25,000.00	2080	B	01/01/2023	2	B	01/01/2023	2
Staff12/NHCE		N	N	01/01/1960	01/01/2017	25,000.00	2080	B	01/01/2023	2	B	01/01/2023	2
Subtotal (10 Participants):						525,000.00							
Total (11 Participants):						775,000.00							

Sample DC/CB Proposal
DC Plan Contributions
For Plan Year Ending December 31, 2023

<u>Participant Name</u>	<u>Owner Pct</u>	<u>HCE</u>	<u>Key</u>	<u>Group Code</u>	<u>Annual Comp</u>	<u>Employer Contrib</u>	<u>Total Employer Contrib</u>	<u>Employer Pct of Comp</u>
Owner/HCE	100.00	Y	Y	1	250,000.00	100.00	100.00	0.04
Subtotal					250,000.00	100.00	100.00	
Staff2/NHCE		N	N	2	50,000.00	6,090.00	6,090.00	12.18
Staff3/NHCE		N	N	2	50,000.00	6,090.00	6,090.00	12.18
Staff4/NHCE		N	N	2	100,000.00	12,180.00	12,180.00	12.18
Staff6/NHCE		N	N	2	50,000.00	6,090.00	6,090.00	12.18
Staff7/NHCE		N	N	2	100,000.00	12,180.00	12,180.00	12.18
Staff8/NHCE		N	N	2	25,000.00	3,045.00	3,045.00	12.18
Staff9/NHCE		N	N	2	50,000.00	6,090.00	6,090.00	12.18
Staff10/NHCE		N	N	2	50,000.00	6,090.00	6,090.00	12.18
Staff11/NHCE		N	N	2	25,000.00	3,045.00	3,045.00	12.18
Staff12/NHCE		N	N	2	25,000.00	3,045.00	3,045.00	12.18
Subtotal					525,000.00	63,945.00	63,945.00	
Total					775,000.00	64,045.00	64,045.00	

Sample DC/CB Proposal
Cash Balance Plan Costs
For Plan Year Ending December 31, 2023

<u>Participant Name</u>	<u>Owner</u>			<u>Group Code</u>	<u>Annual Comp</u>	<u>Contrib Credit</u>	<u>Pct of Comp</u>	<u>PPA Minimum</u>		<u>PPA Maximum</u>		<u>Cost Estimate</u>	<u>415 Imm Lump Sum</u>	<u>Accrued Benefit</u>
	<u>Pct</u>	<u>HCE</u>	<u>Key</u>					<u>Funding Target</u>	<u>Normal Cost</u>	<u>Funding Target</u>	<u>Normal Cost</u>			
Owner/HCE	100.00	Y	Y	1	250,000.00	104,455.00	41.78	0.00	104,455.00	0.00	104,455.00	104,455.00	335,180.00	671.47
Subtotal					250,000.00	104,455.00		0.00	104,455.00	0.00	104,455.00	104,455.00		
Staff2/NHCE		N	N	2	50,000.00	3,000.00	6.00	0.00	3,000.00	0.00	3,032.00	3,000.00	218,303.00	27.30
Staff3/NHCE		N	N	2	50,000.00	3,000.00	6.00	0.00	3,001.00	0.00	3,001.00	3,001.00	335,180.00	19.29
Staff4/NHCE		N	N	2	100,000.00	6,000.00	6.00	0.00	6,000.00	0.00	6,105.00	6,000.00	170,234.00	69.68
Staff6/NHCE		N	N	2	50,000.00	3,000.00	6.00	0.00	3,022.00	0.00	3,069.00	3,022.00	280,057.00	21.39
Staff7/NHCE		N	N	2	100,000.00	6,000.00	6.00	0.00	6,000.00	0.00	6,000.00	6,000.00	373,199.00	43.75
Staff8/NHCE		N	N	2	25,000.00	1,500.00	6.00	0.00	1,500.00	0.00	1,500.00	1,500.00	192,273.00	10.94
Staff9/NHCE		N	N	2	50,000.00	3,000.00	6.00	0.00	3,001.00	0.00	3,001.00	3,001.00	335,180.00	19.29
Staff10/NHCE		N	N	2	50,000.00	3,000.00	6.00	0.00	3,000.00	0.00	3,032.00	3,000.00	218,303.00	27.30
Staff11/NHCE		N	N	2	25,000.00	1,500.00	6.00	0.00	1,510.00	0.00	1,534.00	1,510.00	238,432.00	10.69
Staff12/NHCE		N	N	2	25,000.00	1,500.00	6.00	0.00	1,500.00	0.00	1,500.00	1,500.00	216,805.00	9.64
Subtotal					525,000.00	31,500.00		0.00	31,534.00	0.00	31,774.00	31,534.00		
Total					775,000.00	135,955.00		0.00	135,989.00	0.00	136,229.00	135,989.00		

Sample DC/CB Proposal
Employee Contributions and Costs Summary
For Plan Year Ending December 31, 2023

<u>Participant Name</u>	<u>Owner Pct</u>	<u>HCE</u>	<u>Key</u>	<u>Annual Comp</u>	<u>CB Plan Contrib Credit</u>	<u>CB Plan Pct of Comp</u>	<u>Pct of CB Plan Cost</u>	<u>DC Plan Employer Contrib</u>	<u>CB Plan Cost Estimate</u>	<u>Combined Employer Contrib</u>	<u>Combined Pct of Comp</u>	<u>Pct of Total Plan Cost</u>	<u>Combined Contrib w/ Defer</u>
Owner/HCE	100.00	Y	Y	250,000.00	104,455.00	41.78	76.83	100.00	104,455.00	104,555.00	41.82	52.27	127,055.00
Subtotal				250,000.00	104,455.00			100.00	104,455.00	104,555.00			127,055.00
Staff2/NHCE		N	N	50,000.00	3,000.00	6.00	2.21	6,090.00	3,000.00	9,090.00	18.18	4.54	10,090.00
Staff3/NHCE		N	N	50,000.00	3,000.00	6.00	2.21	6,090.00	3,001.00	9,091.00	18.18	4.55	10,091.00
Staff4/NHCE		N	N	100,000.00	6,000.00	6.00	4.41	12,180.00	6,000.00	18,180.00	18.18	9.09	20,180.00
Staff6/NHCE		N	N	50,000.00	3,000.00	6.00	2.21	6,090.00	3,022.00	9,112.00	18.22	4.55	10,112.00
Staff7/NHCE		N	N	100,000.00	6,000.00	6.00	4.41	12,180.00	6,000.00	18,180.00	18.18	9.09	20,180.00
Staff8/NHCE		N	N	25,000.00	1,500.00	6.00	1.10	3,045.00	1,500.00	4,545.00	18.18	2.27	5,045.00
Staff9/NHCE		N	N	50,000.00	3,000.00	6.00	2.21	6,090.00	3,001.00	9,091.00	18.18	4.55	10,091.00
Staff10/NHCE		N	N	50,000.00	3,000.00	6.00	2.20	6,090.00	3,000.00	9,090.00	18.18	4.54	10,090.00
Staff11/NHCE		N	N	25,000.00	1,500.00	6.00	1.10	3,045.00	1,510.00	4,555.00	18.22	2.28	5,055.00
Staff12/NHCE		N	N	25,000.00	1,500.00	6.00	1.11	3,045.00	1,500.00	4,545.00	18.18	2.27	5,045.00
Subtotal				525,000.00	31,500.00			63,945.00	31,534.00	95,479.00			105,979.00
Total				775,000.00	135,955.00			64,045.00	135,989.00	200,034.00			233,034.00

Sample DC/CB Proposal
Combo Plan Budget Summary
For Plan Year Ending December 31, 2023

Cash Balance Funding Range

A)	Cash Balance PPA Minimum Required Contribution:	135,989
B)	Cash Balance Contribution Credits:	135,955
C)	Cash Balance PPA Maximum Deductible Contribution:	136,229
D)	Estimated Cash Balance Cost [Greater of A and B, but no more than C]:	135,989

Combined Plan Maximum Deduction Limit

E)	Cash Balance Plan Covered by PBGC?:	Yes
F)	Defined Contribution Limited Compensation:	775,000
G)	Defined Contribution Employer Contributions:	64,045
H)	Ratio of Employer Contributions to Limited Compensation [G / F]:	8.26%
I)	Do DC Contributions Exceed 6% of Limited Compensation? [Is H > 6%]:	Yes
J)	Potential Combined Plan Deduction Limit [C + 25% of F]:	329,979
	<i>If CB Plan is covered by PBGC, C + 25% of F</i>	
	<i>If CB Plan is not covered by PBGC, if I = Yes, then 31% of F</i>	
	<i>If CB Plan is not covered by PBGC, if I = No, then C + 6% of F</i>	
	<i>If DC only, then 25% of F</i>	

Budget Analysis

K)	Budget:	200,000
L)	Defined Contribution Cost:	
	1) Employer Cost:	64,045
	2) Employee Deferral:	N/A
M)	Cash Balance Cost:	135,989
N)	Total Combined Plan Cost:	200,034

Disclaimer: Total Combined Plan Cost may be less than the Combined Plan Available Deduction Limit if one or more individual's 415 limit has been reached.

Sample DC/CB Proposal
Percentage to Owner Employees
For Plan Year Ending December 31, 2023

	<u>DC Plan Contribution</u>	<u>CB Plan Contribution</u>	<u>Total Contribution</u>	<u>Percent of Total</u>	<u>Employer Contribution</u>
Owner Employees	100.00	104,455.00	104,555.00	52.27%	104,555.00
Other Employees	63,945.00	31,534.00	95,479.00	47.73%	95,479.00
Total	64,045.00	135,989.00	200,034.00	100.00%	200,034.00

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