

**AEGIS SAMPLE SMALL BUSINESS**  
**A Combination 401(k)/ Profit Sharing/ Cash Balance Plan**  
**For the Plan Year 01/01/2023 - 12/31/2023**  
**CONTRIBUTION REPORT - DETAIL**

P	O	H	Class	Last Name	First Name	AA	RA	Considered Earnings	Cash Balance		401(k) Deferral	3% Safe Harbor	Profit Sharing		Total Contribution				
									Amount	%			Amount	%	Employer				% of Total
															Amount	%	Cost	%	
*	*	*	A	OWNER	FATHER	51	62	330,000	194,700	59.0	30,000	0	43,500	13.2	268,200	81.3	238,200	72.2	85.8
*	*	*	B	OWNER	SON	28	62	90,000	1,800	2.0	2,700	0	4,050	4.5	8,550	9.5	5,850	6.5	2.1
			M	STAFF	MANAGER	47	62	75,000	0	0.0	4,500	2,250	3,375	4.5	10,125	13.5	5,625	7.5	2.0
			N	STAFF	TECHNICAL	40	62	65,000	0	0.0	3,250	1,950	2,925	4.5	8,125	12.5	4,875	7.5	1.8
			N	STAFF	TECHNICAL	63	67	55,000	0	0.0	2,750	1,650	2,475	4.5	6,875	12.5	4,125	7.5	1.5
			N	STAFF	TECHNICAL	30	62	50,000	0	0.0	0	1,500	2,250	4.5	3,750	7.5	3,750	7.5	1.4
			N	STAFF	TECHNICAL	50	62	50,000	0	0.0	2,500	1,500	2,250	4.5	6,250	12.5	3,750	7.5	1.4
			O	STAFF	OFFICE	30	62	35,000	700	2.0	1,050	1,050	1,400	4.0	4,200	12.0	3,150	9.0	1.1
			O	STAFF	OFFICE	25	62	30,000	600	2.0	0	900	1,200	4.0	2,700	9.0	2,700	9.0	1.0
			O	STAFF	OFFICE	33	62	32,000	640	2.0	960	960	1,280	4.0	3,840	12.0	2,880	9.0	1.0
			O	STAFF	OFFICE	27	62	30,000	600	2.0	0	900	1,200	4.0	2,700	9.0	2,700	9.0	1.0

Legend: P- Principal, O- Owner, H- Highly Compensated Employee

**CONTRIBUTION REPORT - SUMMARY**

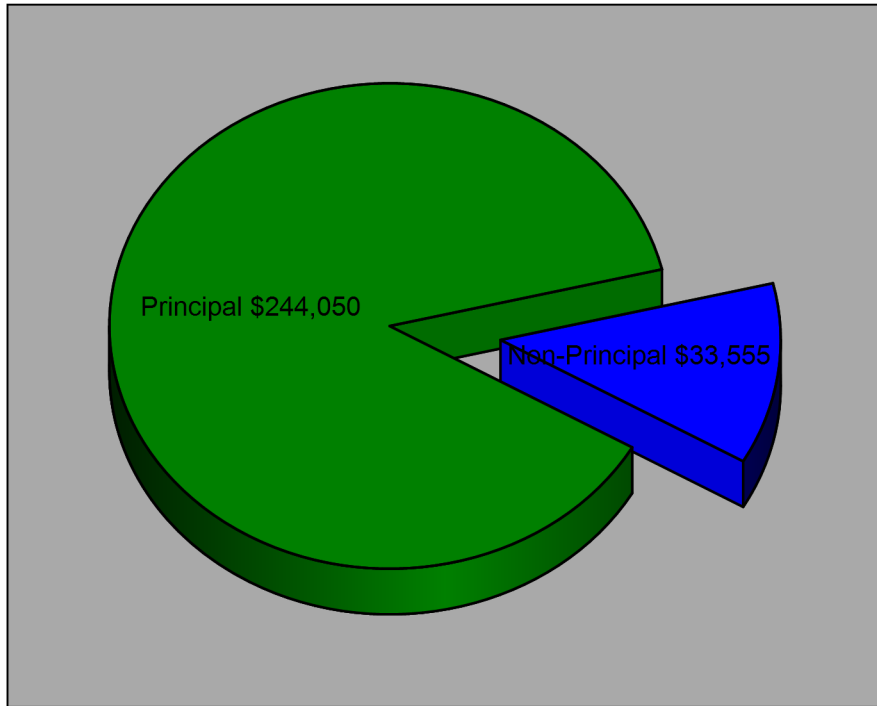
	Considered Earnings	Cash Balance		401(k) Deferral	3% Safe Harbor	Profit Sharing		Total Contribution				
		Amount	%			Amount	%	Employer				% of Total
								Amount	%	Cost	%	
<b>Principals</b>	<b>420,000</b>	<b>196,500</b>	<b>46.8</b>	<b>32,700</b>	<b>0</b>	<b>47,550</b>	<b>11.3</b>	<b>276,750</b>	<b>65.9</b>	<b>244,050</b>	<b>58.1</b>	<b>87.9</b>
<b>Non-Principals</b>	<b>422,000</b>	<b>2,540</b>	<b>0.6</b>	<b>15,010</b>	<b>12,660</b>	<b>18,355</b>	<b>4.3</b>	<b>48,565</b>	<b>11.5</b>	<b>33,555</b>	<b>8.0</b>	<b>12.1</b>
<b>Grand Total</b>	<b>842,000</b>	<b>199,040</b>	<b>23.6</b>	<b>47,710</b>	<b>12,660</b>	<b>65,905</b>	<b>7.8</b>	<b>325,315</b>	<b>38.6</b>	<b>277,605</b>	<b>33.0</b>	<b>100.0</b>

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**CONTRIBUTION SUMMARY REPORT (CHART)**

Principal	Principal (%)	Non-Principal	Non-Principal (%)
244,050	87.91	33,555	12.09

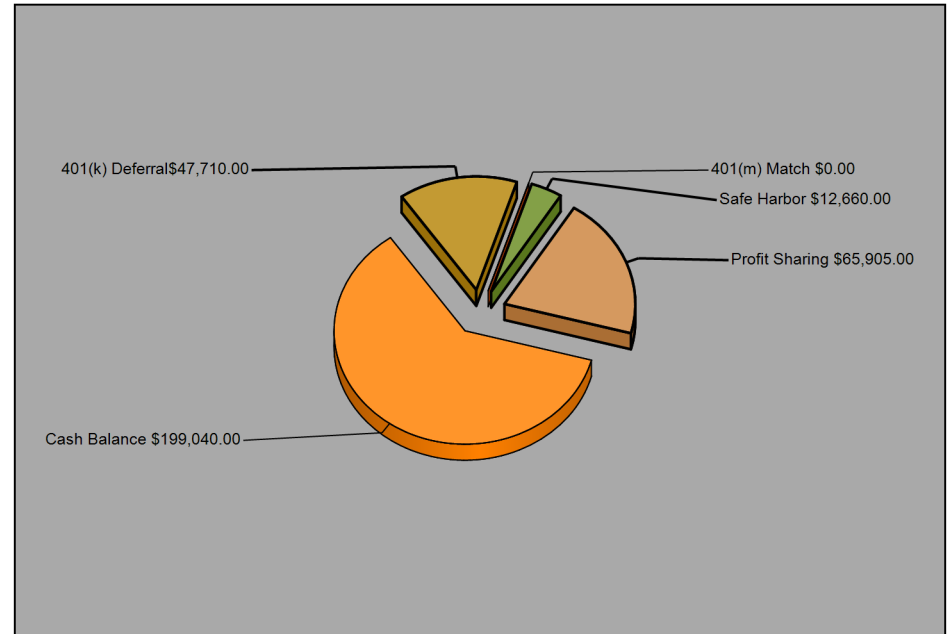
Cash Balance	401(k) Deferral	401(m) Match	Safe Harbor	Profit Sharing
199,040.00	47,710.00	0.00	12,660.00	65,905.00

Principal / Non-Principal Source



<span style="color: green;">■</span>	* - Principal
<span style="color: blue;">■</span>	- Non-Principal

Contribution Source



<span style="color: orange;">■</span>	Total - Cash Balance
<span style="color: olive;">■</span>	Total - 401(k) Deferral
<span style="color: brown;">■</span>	Total - Match Contrib Amount
<span style="color: lightgreen;">■</span>	Total - Safe Harbor
<span style="color: tan;">■</span>	Total - Profit Sharing

# Understanding Cash Balance Plans

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## What is a Cash Balance Plan?

A Cash Balance Plan is a Defined Benefit Plan that looks like a Money Purchase Plan.

Like a Money Purchase Plan, fixed contributions are credited to each participant at the end of each year.

In addition, participants receive interest credits based on the interest rate defined in the plan. The credit is a fixed rate specified in the plan. Increases or decreases in the value of the plan's investments do not directly affect the benefits promised to the participants. The investment risks and rewards are borne solely by the employer.

The plan maintains a hypothetical account balance for each participant. When the participant retires, his benefit is the value of the hypothetical account. This lump sum value can be converted to a monthly pension at retirement.

A Cash Balance plan is a Hybrid Plan. It appears to participants as a Defined Contribution Plan but is treated under the Internal Revenue Code as a Defined Benefit Plan. Participant statements look like a Defined Contribution Statement. It includes:

- Beginning Balance
- Contribution Credits
- Interest Credits
- Ending Balance

## Can a Cash Balance Plan be combined with a 401(k) Profit Sharing Plan?

To produce larger contributions, especially for Principals and Owners, Cash Balance Plans are usually combined with 401(k)/Profit Sharing Plans. The 401(k) and Profit Sharing component can also provide flexibility in the combined plan.

## How are investments in a Cash Balance plan managed?

Assets in the plan are not allocated to participants. Participants cannot direct the investments. The pooled fund is invested by the Trustees and Investment Advisers.

Gains (losses) from investments reduce (Increase) the Plan Sponsor's contribution.

Since interest credit guarantees cannot exceed market rate of return, assets may be invested conservatively.

## What are the other features of the Cash Balance Plan?

When a participant becomes entitled to receive benefits under a cash balance plan, the benefits are defined in terms of an account balance. For example, assume that a participant has an account balance of \$100,000 when he reaches age 62. If the participant decides to retire at that time, he would have the right to an annuity based on his account balance. Such an annuity might be approximately \$10,000 per year for life. In many cash balance plans, however, the participant could instead choose (with consent from his spouse) to take a lump sum benefit equal to the \$100,000 account balance.

In addition to generally permitting participants to take their benefits as lump sum benefit at retirement, cash balance plans often permit vested participants to choose (with consent from their spouses) to receive their accrued benefits in lump sums if they terminate employment prior to retirement age. Traditional defined benefit pension plans do not offer this feature as frequently.

If a participant receives a lump sum distribution, that distribution generally can be rolled over into an Individual Retirement Account (IRA) or to another employer's plan if that plan accepts rollovers. This makes Cash Balance plans portable, therefore appealing to participants.