STONE POINT FINANCIAL GROUP
CASE STUDY

ADDITIONAL RETIREMENT SAVINGS FOR KEY EMPLOYEES

How one company addressed failed qualified plan testing and employee retention issues

THE SITUATION

During a life insurance portfolio review for Bill Johnson[1], the owner of ZinTech[1], a Chicago high-tech manufacturing company, we asked him about the benefits he uses to retain key employees.

Bill said the company offers its 300 employees qualified retirement plans—including 401(k) and defined benefit plans. But it continued to fail non-discrimination top-heavy testing on its 401(k) plan due to its 23 highly-compensated employees. Also, Bill said he wanted to find a way to retain his key middle-management employees in the very competitive high-tech industry.

THE SOLUTION.

We performed an analysis of several options and proposed a non-qualified retirement plan that could help highly-compensated employees save more for retirement.

We determined that multiple solutions were needed to meet the retirement savings needs for two audiences—"top-hat" and "non-top-hat" employees. The following two plans were implemented:

- **A DEFERRED COMP PLAN** for 12 highly-compensated employees, including the business owner. This plan provided additional retirement savings, without worrying about 401(k plan testing results.
- **AN INCENTIVE BONUS PLAN** for 11 non-top-hat employees. This plan—allowing only discretionary employer contributions—was designed to retain and reward other key employees who didn't qualify for the deferred comp plan.

[1] Client name has been changed to protect confidentiality. | The information presented here is for educational purposed only and actual results may vary. Variable Universal Life Insurance products are sold by prospectus. A prospectus is available from your insurance professional. Clients are advised to read the prospectus in full before investing. Securities offered through Valmark Securities, Inc. Member FINRA/SIPC. 130 Springside Dr., Akron, OH 44333. (800) 765-5201. Stone Point Financial Group is a separate entity from Valmark Securities, Inc. and Valmark Advisers, Inc.

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