Profit Sharing Plans

A profit sharing plan is a form of an employee benefit plan which is established and funded by a company in which the company may choose to contribute 0-25% of eligible employee compensation. The overall contribution level can change from year to year. However, if a contribution is made, it's typically based on the same percentage of each participant's compensation, and must generally be set apart from each participant's account.

How do you, the employer, benefit from profit sharing plans?

- Employer contributions to a qualified plan are tax deductible for the business.
- Plan earnings are tax-deferred until withdrawal.
- The plan may help you to attract and retain high quality employees.
- Productivity can improve.
- Part-time employees may be excluded from participating.

How do your employees benefit from profit sharing plans?

- Employer contributions are tax-deferred until withdrawn from the plan.
- Earnings on plan assets are tax-deferred until withdrawal.

Pension Plans

A pension plan is a type of retirement plan, usually tax exempt, where an employer makes contributions toward a pool of funds set aside for an employee's future benefit. The pool of funds is then invested on the employee's behalf, allowing the employee to receive benefits upon retirement.

In many ways, a pension plan is a method in which an employee transfers part of their current income stream toward retirement income. There are two main types of pension plans:

Defined-benefit plans. The employer guarantees that the employee will receive a definite amount of benefit upon retirement, regardless of the performance of the underlying investment pool.

Defined-contribution plans. The employer makes predefined contributions for the employee, but the final amount of benefit received by the employee depends on the investment's performance.

Our agents can help you with your company's retirement planning needs. Pick up the phone and call us today!