



Target Benefit Pension Plans

This plan is a hybrid of Money Purchase Pension and Defined Benefit Pension.

The individual annual addition cannot exceed 25% of compensation up to a dollar limit of \$40,000. The formula resembles a Defined Benefit Plan, whereby you determine what the projected monthly income is for each participant and deposit whatever it takes (not to exceed the limits above) to arrive at the goal. Like a Defined Benefit plan this plan favors employees closer to retirement age. Many times an age weighted Profit Sharing plan can accomplish the same results, without the mandatory annual contribution requirement.