

tscTM 401(k) Health CheckTM

Building *Successful* Retirement Plans

ABC Plan
as of 12/31/2017



Confidential Information Enclosed
This report contains salaries, age and contribution information of your employees.

**Building *Successful*
Retirement Plans**



Building *Successful* Retirement Plans

The primary responsibility of a Plan Fiduciary is to operate the retirement plan for the exclusive benefit of its participants. With this in mind, the **TSC 401(k) Health Check™** was designed to protect and serve fiduciaries by reporting exactly on the adequacy of retirement benefits the plan will provide its participants.

A successful retirement plan should be defined as a plan that provides its participants with **adequate retirement benefits**. This raises two important questions: What are adequate retirement benefits? In order for a plan to be successful, how many participants need to meet this retirement goal?

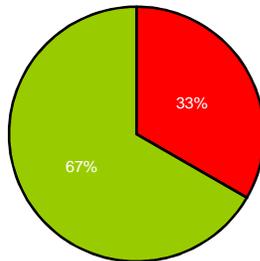
In determining the adequacy of retirement benefits, TSC focuses on a participant's **Income Replacement Ratio**. Leading industry advisors suggest that an Income Replacement Ratio, including social security, of 70-80 percent of final pay represents an adequate retirement benefit. **The TSC 401(k) Health Check™ uses 75 percent as the goal for a participant's Income Replacement Ratio.**

Leading industry advisors also suggest that a plan with two-thirds of its participants meeting their Income Replacement goal is considered a successful plan.

Date of TSC 401(k) Health CheckTM **12/31/2017**
Total Plan Assets.....**\$1,000,000.00**
Investment Platform.....**Daily Valuation Product, Mutual Fund Product**

Percentage of non-highly compensated plan participants projected to achieve the 75% income replacement goal..... 67%

Industry experts suggest that a successful retirement plan is one that will provide adequate income replacement for two-thirds (67%) of its participants. TSC and your retirement plan professional can recommend strategies to increase your plan's level of success.



NHCE Income Replacement Results

- Participants below 50% Income Replacement Ratio
- Participants between 50% and 75% Income Replacement Ratio
- Participants at or above the 75% Income Replacement Ratio Target

Participation Rate (For the participants shown in this report)

Total Number of Participants.....**4**
401(k) Participation Rate.....**75%**

According to recent surveys, the national average participation rate in a 401(k) plan is approximately 75%.

Contribution or Deferral Rate (For the participants shown in this report)

Average deferral rate for Highly-Compensated Employees.....**8.89%**
Average deferral rate for Non-Highly-Compensated Employees.....**7.11%**

Studies reveal that people who set retirement benefit goals contribute on average 2.5 times more than people who do not. We can help your employees set goals to improve the contribution rate of your Plan.

Quality of Plan Investments

This determination is one that plan sponsors should make with the assistance of a qualified financial adviser. The selection of investments offered to participants should be reviewed periodically for appropriate suitability. Some of the many factors to consider include whether or not the recordkeeping platform was designed specifically for qualified retirement plans, effectiveness in encouraging participants to save for retirement and reasonableness of fees and expenses.

Quality of Participant Investing

It is important that participants are appropriately diversified among the Plan's investment options. Participants should be encouraged to at least annually review their investment mix and contact the Plan's investment advisor for assistance in preparing their investment strategy.

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As of: 12/31/2017

Assumptions

Valuation Date	12/31/2017
Retirement Age	65
Assumed Age at Death	87
Investment Return	
Pre Retirement	8.5%
Post Retirement	6.0%
Post-retirement Inflation	2.5%
Salary Increase	3.0%
Target Replacement Pay*	75%
Social Security**	Graded Reductions (see below)
Are there HCE's	Yes
Exclude People Below	\$15,000
Are there NHCE's	Yes

*Also referred to as Income Replacement Ratio

**Since confidence is low that Social Security will continue to provide its current level of benefits in the future, the following factors have been applied to today's Social Security benefit information:

<u>participant's age</u>	<u>factor</u>
50+	100%
40 - 50	83%
30 - 40	67%
20 - 30	50%

The assumptions in the TSC 401(k) Health Check™ are actuarial averages. If you have a participant that would like to change certain assumptions to meet his/her individual retirement needs, a Retirement Calculator is available at www.tsc401k.com in the Resource Center section.



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Participant	Age	Current Salary	Employee Deferral Percentage	Employer Contribution Percentage	12/31/2017 Balance	Projected Annual Retirement Benefit	Projected Income Replacement	Target Income Replacement	Falling Below Target	Increase in Total Contribution Needed to Reach Target
<i>HCE's</i>										
1 John	50	\$ 270,000	8.89%	13.33%	\$ 250,000	\$ 240,935	57%	75%	X	11.8%
<i>NHCE's</i>										
2 Jack	26	\$ 75,000	1.33%	5.00%	\$ 50,000	\$ 243,390	102%	75%		0.0%
3 Jane	30	\$ 50,000	20.00%	5.00%	\$ 30,000	\$ 301,334	214%	75%		0.0%
4 Jill	45	\$ 75,000	0.00%	5.00%	\$ 4,000	\$ 53,833	40%	75%	X	15.2%
TOTALS		\$ 470,000			\$ 334,000					



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As of: 12/31/2017

Participant	Age	Current Salary	Employee 401(k) Deferrals	Employer Matching Contributions	All Other Employer Contributions	12/31/2017 Account Balance	Estimated Account Balance at Age 65	Projected Annual Retirement Plan Benefit	Projected Annual Social Security Benefit	Projected Annual Retirement Benefit	Falling Below Target	Shortfall Amount*
HCE's												
1 John	50	270,000.00	24,000.00	-	36,000.00	250,000.00	3,005,581.20	195,641.43	45,293.80	240,935.24	X	336,889.64
NHCE's												
2 Jack	26	75,000.00	1,000.00	-	3,750.00	50,000.00	3,142,571.90	204,558.53	38,831.50	243,390.03		-
3 Jane	30	50,000.00	10,000.00	-	2,500.00	30,000.00	4,073,063.81	265,126.77	36,206.93	301,333.70		-
4 Jill	45	75,000.00	-	-	3,750.00	4,000.00	262,280.85	17,072.57	36,760.80	53,833.38	X	143,529.33
TOTALS		470,000.00	\$ 35,000.00	0	46,000.00	334,000.00	10,483,498	682,399	157,093.03	839,492		480,418.97

* Additional savings in today's dollars needed to reach the target (applying the assumptions used in this illustration).



Building *Successful* Retirement Plans

Explanation of terms used in this report

ABBREVIATIONS

HCE

Highly-Compensated Employee - this can be:

- A more-than-five-percent owner and a spouse, child, grandchild, or parent of a more-than-five-percent owner.
- In 2016, a participant who had at least \$120,000 of gross compensation in 2015.

NHCE

Non-Highly-Compensated Employee - any employee who is not an HCE.

"PLAN SUMMARY" PAGE

Employee Deferral Percentage

Participant's 401(k) deferral rate (including Roth 401(k), if applicable) as a percent of gross compensation.

Employer Contribution Percentage

Total of all types of Employer contributions (Match, Profit Sharing, Safe Harbor, etc.) by participant, as a percent of gross compensation.

Balance

Participant's account balance as of the date on this report.

Projected Annual Retirement Benefit

Based on the assumptions shown on the assumptions page, this will be the participant's benefit during his/her first year of retirement.

Projected Income Replacement

This is the Projected Annual Retirement Benefit shown as a percentage of the participant's salary at retirement. For example, if this number is 50% for a participant, that person will need to be able to retire on half of what he/she is projected to be earning at that time. This number is based on the assumptions shown on the assumptions page and also includes an assumed Social Security benefit.

Target Income Replacement

This is simply an approximate percent of their salary that an average participant can retire on. It is the assumed retirement goal for all participants. This is also referred to as "Income Replacement Ratio."

Falling Below Target

This gives a quick reference to which participants are not on track to meet the assumed retirement goal.

Increase in Total Contribution Needed to Reach Target

With everything else remaining unchanged, this is the increase in total contribution (total of 401(k) deferrals, match, profit sharing, safe harbor, etc.) that is needed to get the participant to the "Target Income Replacement." This is expressed in terms of a percent of gross compensation.



Building *Successful* Retirement Plans

Explanation of terms used in this report

"PLAN DETAIL" PAGE

Employee 401(k) Deferrals

Participant's 401(k) deferrals as provided to TSC. The corresponding deferral percentage is assumed constant until retirement. Traditional 401(k) and Roth 401(k) are both included in this number.

Employer Matching Contributions

Amount that the Participant receives in Matching Contributions. The corresponding match percentage is assumed constant until retirement.

All Other Employer Contributions

Total of all other types of Employer contributions (Profit Sharing, Safe Harbor, etc.) by participant. The corresponding employer contribution percentage is assumed constant until retirement.

Estimated Account Balance at Age 67

Based on the assumptions shown on the assumptions page this is the estimated Participant Account Balance at retirement age. This number is a projection of existing account balance and annual deferrals and contributions with assumed constant annual earnings as shown on the assumptions page. The age shown will change with changes in the Retirement Age on the assumptions page.

Projected Annual Retirement Plan Benefit

This is the first-year payout of a fixed term immediate annuity with the following assumptions:

- The principal amount is the "Estimated Account Balance at Age 67."
- The payout period starts at "Retirement Age" and ends at "Assumed Age at Death."
- The payment amounts over the payout period increase annually by the "Post-retirement Inflation" percentage.
- The rate of return is assumed constant and is equal to the "Investment Return Post retirement."

Projected Annual Social Security Benefit

By default, this is an estimate of Social Security benefits based on the "Graded Reductions" shown on the "Assumptions" page. If "Current Law" was chosen on the "Assumptions" page, this is an estimate of Social Security benefit based on today's Social Security benefit information.

Projected Annual Retirement Benefit

The sum of the "Projected Annual Retirement Plan Benefit" and the "Projected Annual Social Security Benefit."

Shortfall Amount

With everything else remaining unchanged (deferral rate, salary, investment return, etc.), this is the additional amount that would need to be added to the participant's account balance today in order to hit the target income replacement at retirement. If the participant has other investments at least equal to this amount earning at least the assumed "Pre-retirement Investment Return," then that participant can be assumed to be on track to hit his/her target income at retirement.



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Explanation of terms used in this report

"ASSUMPTIONS" PAGE

Valuation Date

The date on which the information for the TSC 401(k) Health Check is valid. All input numbers are as of this date and all projections are based on this date.

Retirement Age

The age at which all participants are assumed to retire.

Assumed Age at Death

The age at which the annual payments of the accumulated balance will end.

Investment return, Pre Retirement

The assumed rate of return during the accumulation stage, while the participant is working.

Investment return, Post Retirement

The assumed rate of return during the payout stage, when the participant is retired.

Post-Retirement Inflation

The assumed rate of inflation during retirement. The annual payouts during retirement are assumed to increase by this percent each year to keep up with inflation in the retirement years.

Salary Increase

The assumed annual salary increase percent for all participants until retirement.

Target Replacement Pay

The amount of income during retirement that is desired. This is expressed as a percentage of the participant's **current year's** salary.

Social Security

The user must choose between a "current law" estimate and a "graded reductions" estimate.

- Current Law: An assumed Social Security benefit based on today's Social Security benefit information.
- Graded Reductions: A reduced assumed Social Security benefit. See the "Assumptions" page.