



What is Triple Stack Match?

- A 401(k) plan design tool
- An approach based entirely on deferrals and matching contributions
- A way for owners to contribute the maximum under Section 415 without any nondiscrimination testing

Ideal Scenarios

- Owners want to maximize retirement contributions
- When new comparability or age-weighted plan designs are not favorable to the target group (**key employees, HCEs, business owners**)
- The business is an S corporation and the owners take limited W-2 compensation
- The plan has low participation and/or corrective distributions
- The company wants a unique recruitment and retention tool



How It Works

<p>①</p> <p>safe harbor match</p> <p>Up to 4%</p>	<p>②</p> <p>fixed match</p> <p>X% of deferrals up to 6%*</p>	<p>③</p> <p>discretionary match</p> <p>66% of employee deferral up to 6% (limited to 4%)</p>
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*Solving for X% is taking the Section 415 annual additions limit — less deferrals and employer contributions — to determine the amount needed to max out the desired employer or employee total, up to 6%. (\$58,000 in 2021, plus eligible catch-up contributions.)



Example: S Corporation

Name	S-Corp Compensation	Deferrals	Basic Match	Discretionary Match	Fixed Match	Total
Owner 1	\$75,000	\$26,000	\$3,000	\$3,000	\$4,500	\$36,500
Owner 2	\$75,000	\$19,500	\$3,000	\$3,000	\$4,500	\$30,000
Employee A - 10%	\$50,000	\$5,000	\$2,000	\$2,000	\$3,000	\$12,000
Employee B - 6%	\$45,000	\$2,700	\$1,800	\$1,800	\$2,700	\$9,000
Employee C - 4%	\$40,000	\$1,600	\$1,400	\$1,067	\$1,600	\$5,667
Employee D - 0%	\$35,000	\$0	\$0	\$0	\$0	\$0
Totals	\$320,000	\$54,800	\$11,200	\$10,867	\$16,300	\$93,167

Total Owner Contributions	\$66,500	79%
Total Employee Cost	\$17,367	21%
Total	\$83,867	100%



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Example: Low Participation

Name	Gross Compensation	Deferrals	Basic Match	Discretionary Match	Fixed Match	Total
Owner 1	\$290,000	\$26,000	\$11,600	\$11,600	\$15,300	\$64,500
Owner 2	\$290,000	\$19,500	\$11,600	\$11,600	\$15,300	\$58,000
Employee A	\$50,000	\$3,000	\$2,000	\$2,000	\$2,638	\$9,638
Employee B	\$45,000	\$1,350	\$1,350	\$1,350	\$1,187	\$5,237
Employee C	\$40,000	\$0	\$0	\$0	\$0	\$0
Employee D	\$35,000	\$0	\$0	\$0	\$0	\$0
Totals	\$750,000	\$49,850	\$26,550	\$26,550	\$34,425	\$137,375

Total Owner Contributions	\$122,500	92%
Total Employee Cost	\$10,525	8%
Total	\$133,025	100%



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Example: Employees All Defer 6%+

Name	Gross Compensation	Deferrals	Basic Match	Discretionary Match	Fixed Match	Total
Owner 1	\$290,000	\$26,000	\$11,600	\$11,600	\$15,300	\$64,500
Owner 2	\$290,000	\$19,500	\$11,600	\$11,600	\$15,300	\$58,000
Employee A	\$50,000	\$3,000	\$2,000	\$2,000	\$2,638	\$9,638
Employee B	\$45,000	\$2,700	\$1,800	\$1,800	\$2,374	\$8,674
Employee C	\$40,000	\$2,400	\$1,600	\$1,600	\$2,110	\$7,710
Employee D	\$35,000	\$2,100	\$1,400	\$1,400	\$1,847	\$6,747
Totals	\$750,000	\$55,700	\$30,000	\$30,000	\$39,569	\$155,269

Total Owner Contributions	\$122,500	84%
Total Employee Cost	\$22,569	16%
Total	\$145,069	100%

These examples are hypothetical and for illustrative purposes only. They are not indicative of the performance of any specific investment.



Ways to Start the Conversation

“Have you talked with your CPA about ways to maximize your retirement savings this year?”

“Tell me about the age demographics of your workforce.”

“Are you interested in funneling more money into your own retirement plan?”



Target These Successful Organizations

- S corporations
- Those with poor participation and/or corrective distributions
- When new comparability or age-weighted plan designs are not favorable to the target group (key employees, HCEs, business owners)

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Key Considerations

- Not affected by employer or employee age
- Provisions must be in place before the start of the plan year
- First stack is 100% vested after one year of service; stacks 2 and 3 can have up to a 6-year graded vesting schedule
- None of the stacked matches can require 1,000 hours of work or employment at year end
- Every participant must receive the safe harbor notice
- Company circumstances may make an alternative plan design more beneficial

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Triple Stack Match Flyer



Triple Stack Match
Plan design to maximize key employee retirement savings.

Triple stack match is a 401(k) plan design strategy that can help business owners save more for retirement. Based entirely on deferrals and matching contributions, it allows business owners to contribute the retirement plan maximum under Section 415 without non-discrimination testing.

Who can benefit?
Successful businesses looking to increase retirement plan contributions for owners and key employees can win with this approach.

Here are ideal scenarios for a triple stack match approach:

- Owners want to maximize retirement contributions.
- When time compatibility or age-weighted plan designs are not favorable to the target group, such as key employees, HCEs and owners.
- The business is an S corporation and the owners take limited W-2 compensation.
- The plan has low participation and/or corrective distributions.

1 SAFE HARBOR MATCH
Up to 4%

2 DISCRETIONARY MATCH
66%* of employee deferral up to 6% interest-free

3 FIXED MATCH
X% of deferrals up to 6%*

* Depending on the plan design, the Section 415 annual addition limit may be reduced for owners and key employees. To determine the amount needed for the plan, contact your broker or employee representative.

For help with triple stack match scenarios or to discuss other plan design strategies, please contact your sales or service representative at The Standard. Or call us at 844.239.3661.

Continued on reverse

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EXAMPLE: S CORPORATION

Name	Gross Compensation	Deferrals	Safe Harbor Match	Discretionary Match	Fixed Match	Total
Owner 1	\$176,000	\$26,000	\$3,000	\$3,000	\$4,000	\$38,000
Owner 2	\$19,000	\$19,000	\$3,000	\$3,000	\$4,000	\$39,000
Employee A - 10%	\$60,000	\$6,000	\$2,000	\$2,000	\$3,000	\$13,000
Employee B - 8%	\$40,000	\$2,700	\$1,800	\$1,800	\$2,700	\$9,000
Employee C - 4%	\$40,000	\$1,600	\$1,000	\$1,000	\$1,000	\$4,600
Employee D - 0%	\$35,000	\$0	\$0	\$0	\$0	\$0
Totals	\$320,000	\$34,300	\$11,200	\$10,800	\$14,300	\$60,600
Total Owner Contributions	\$68,000	79%				
Employee Match Expense	\$17,267	21%				
Total	\$83,267	100%				

EXAMPLE: LOW PARTICIPATION

Name	Gross Compensation	Deferrals	Safe Harbor Match	Discretionary Match	Fixed Match	Total
Owner 1	\$290,000	\$26,000	\$11,800	\$11,000	\$16,300	\$65,100
Owner 2	\$200,000	\$19,000	\$11,800	\$11,000	\$16,300	\$58,900
Employee A	\$60,000	\$3,000	\$2,000	\$2,000	\$2,800	\$9,800
Employee B	\$48,000	\$1,350	\$1,350	\$1,350	\$1,187	\$5,237
Employee C	\$40,000	\$0	\$0	\$0	\$0	\$0
Employee D	\$38,000	\$0	\$0	\$0	\$0	\$0
Totals	\$776,000	\$49,350	\$26,550	\$26,550	\$34,487	\$137,937
Total Owner Contributions	\$122,500	82%				
Employee Match Expense	\$10,825	8%				
Total	\$133,325	100%				

EXAMPLE: ALL EMPLOYEES DEFER 6%*

Name	Gross Compensation	Deferrals	Safe Harbor Match	Discretionary Match	Fixed Match	Total
Owner 1	\$290,000	\$26,000	\$11,800	\$11,000	\$16,300	\$65,100
Owner 2	\$290,000	\$19,000	\$11,800	\$11,000	\$16,300	\$58,900
Employee A	\$60,000	\$3,600	\$2,400	\$2,400	\$2,800	\$11,200
Employee B	\$48,000	\$2,700	\$1,800	\$1,800	\$2,374	\$8,674
Employee C	\$40,000	\$8,400	\$1,800	\$1,800	\$3,110	\$14,110
Employee D	\$38,000	\$2,100	\$1,400	\$1,400	\$1,847	\$6,747
Totals	\$1,006,000	\$55,700	\$30,000	\$30,000	\$35,581	\$151,281
Total Owner Contributions	\$122,500	84%				
Employee Match Expense	\$27,569	16%				
Total	\$145,069	100%				

Employee and plan participants should contact their own legal or tax advisors to learn more about the rules that may affect their situations. These examples are illustrative and for illustrative purposes only. They are not indicative of the performance of any specific investment.

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