## The Reverse Discrimination of Qualified Retirement Plans

## **Did You Know That...**

**Qualified Retirement Plans Tend to Discriminate AGAINST the Highly Compensated?** 

The restrictions placed on qualified retirement plans strictly limit the size of the benefits that can be accrued for highly-compensated employees.

When compared to the benefits provided to lower-paid employees, these limitations can produce a "reverse discrimination" effect that results in qualified retirement plans replacing an inadequate percentage of an owner's or key executive's pre-retirement income.

## **Reverse Discrimination in Action...**

- The benefits from or contributions to each type of qualified retirement plan are limited or "capped."
- Eligible compensation that can be considered in applying these benefit or contribution limitations is capped at \$345,000 in 2024 (as adjusted for inflation).

There is, however, a solution to the inadequacy of qualified retirement plan benefits for owners and key employees... **a selective executive benefit plan!** 

© VSA, LP The information, general principles and conclusions presented in this report are subject to local, state and federal laws and regulations, court cases and any revisions of same. While every care has been taken in the preparation of this report, VSA, L.P. is not engaged in providing legal, accounting, financial or other professional services. This report should not be used as a substitute for the professional advice of an attorney, accountant, or other qualified professional.