

**FICA / FUTA REPORTS**

Prepared  
for

**Sample Client**

**Executive Deferred Compensation Plan**

**For the Period: 01/01/2023 through 12/31/2023**

Prepared  
by

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## Preface and Disclaimers

The following reports are designed to assist Plan Administrators and other parties interested in financial recordkeeping. All reports are based on The Pangburn Group's current understanding of tax law, Generally Accepted Accounting Principles (GAAP), and information furnished by the plan sponsor and any applicable vendors, mutual fund wholesalers, life insurance carriers, or other professional advisors.

The contents of this report reflect plan values based on The Pangburn Group's records. The accuracy of these records is contingent upon the plan sponsor (or third party sources) informing The Pangburn Group of changes in: (a) plan sponsor information; (b) bonus/commission programs; (c) plan and/or participant assumptions; (d) plan status; (e) plan sponsor and/or participant status; (f) participant information; or (g) any other material changes to the administration, documentation, or operation of the plan.

### **Important Note for Non-Profit Organizations:**

In accordance with the Tax Cuts and Jobs Act, compensation paid to "covered employees" in excess of \$1 million is subject to a 21% excise tax on tax exempt employers. "Covered employees" include the five highest paid employees in the current year and any individual who was a covered employee in any preceeding tax year after 12/31/2016, including a covered employee's beneficiary. Plan sponsors should evaluate their total compensation packages to determine the impact of the Act on their compensation practices. Consult your tax advisors and/or accountants for more information.

### **Important Note for Public Companies:**

The Tax Cuts and Jobs Act modified Section 162(m), which limits the ability of public companies to deduct compensation in excess of \$1 million to certain "covered employees." Covered employees now consist of the CEO, CFO, and the 3 most highly paid officers. Anyone considered a covered employee for any tax year after 2016 will be considered a covered employee in all future years, including a covered employee's beneficiary. Performance-based compensation is no longer exempt from the consideration of excess compensation. Plan benefits paid to covered employees currently or in the future, when combined with other compensation in the year of payment, may generate a non-deductible expense. Limited protection from this law may exist for "grandfathered" compensation arrangements. Consult your tax advisors and/or accountants for more information.

The Pangburn Group is not a law firm or accounting firm and does not function as a broker-dealer or investment advisor. Consequently, no portion of the information provided herein should be interpreted as legal, actuarial, accounting, tax or investment advice. Receipts of this information should consult professional advisors for legal, actuarial, accounting, tax or investment advice, as applicable, before taking any action based on this information.

EMPLOYER: Sample Client

PLAN: Executive Deferred Compensation Plan

REPORT: "Account Balance Plan" FICA / FUTA Reporting for Current Period

FOR THE PERIOD: 01/01/2023 to 12/31/2023

	(a)	+	(b)	+	(c)	=	(d)	+	(e)	=	(f)
	12/31/2023		Excess		FICA		12/31/2023		Prior		12/31/2023
<u>Participant</u>	<u>Base</u>		<u>Interest</u>		<u>Lag Method</u>		<u>Unadjusted</u>		<u>Period</u>		<u>Adjusted</u>
<u>Active Participants</u>	<u>Amount to</u>		<u>Deferral</u>		<u>Additional</u>		<u>Amount to</u>		<u>Adjustment</u>		<u>Amount to</u>
	<u>Include</u>				<u>Amount</u>		<u>Include</u>				<u>Include</u>
Doe, Chris	0.00		0.00		0.00		0.00		0.00		0.00
Johnson, Carl	0.00		0.00		0.00		0.00		0.00		0.00
Johnson, Matt	0.00		0.00		0.00		0.00		0.00		0.00
Jones, Bob	0.00		0.00		0.00		0.00		0.00		0.00
Smith, John	20,056.96		0.00		0.00		20,056.96		0.00		20,056.96

**COLUMN DEFINITIONS:**

- (a) **12/31/2023 Base Amount to Include** represents the amount (based on the balance as of **12/31/2023** and vested percentage as of **12/31/2023**) that has been (or will be) included for FICA in the current FICA reporting period and reduced by any amounts overreported in the prior period. If columns (g) and (h) are displayed then this value represents an **estimate** under the FICA Estimation Method.
- (b) **Excess Interest Deferral** represents any interest deemed 'unreasonable' on previously included/reported amounts.
- (c) **FICA Lag Method Additional Amount** N/A
- (d) **12/31/2023 Unadjusted Amount to Include** represents the target amount includable for FICA as of the date shown **including** any Excess Interest Deferral (b) and Lag Method Additional Amount (c).
- (e) **Prior Period Adjustment** represents any historical differences between target amount includable for FICA and actual amount that should have been included previously.
- (f) **12/31/2023 Adjusted Amount to Include** represents the 12/31/2023 Unadjusted Amount to Include (d) plus any Prior Period Adjustment (e).

**NOTES:**

- 1. If The Pangburn Group has not provided recordkeeping services from inception, these calculations may be based on a composite first period with/without interest from the prior recordkeeper.

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EMPLOYER: Sample Client

PLAN: Executive Deferred Compensation Plan

REPORT: "Account Balance Plan" Detailed FICA / FUTA Reporting for Current Period

FOR THE PERIOD: 01/01/2023 to 12/31/2023

	(i)	(ii)	(iii)	(a)	+	(b)	+	(c)	=	(d)	+	(e)	=	(f)
<u>Participant/Account/Vested Percent</u>	<u>12/31/2023</u>	<u>12/31/2023</u>	<u>12/31/2023</u>	<u>12/31/2023</u>		<u>Excess</u>		<u>Lag</u>		<u>12/31/2023</u>		<u>Prior</u>		<u>12/31/2023</u>
<u>Active Participants</u>	<u>Total</u>	<u>Vested</u>	<u>Increase In</u>	<u>Base</u>		<u>Interest</u>		<u>Method</u>		<u>Unadjusted</u>		<u>Period</u>		<u>Adjusted</u>
	<u>Balance</u>	<u>Balance</u>	<u>Vested</u>	<u>Amount to</u>		<u>Deferral</u>		<u>Additional</u>		<u>Amount to</u>		<u>Adjustment</u>		<u>Amount to</u>
			<u>Balance</u>	<u>Include</u>				<u>Amount</u>		<u>Include</u>				<u>Include</u>
<b>Doe, Chris</b>	<b>141,688.31</b>	<b>56,675.32</b>	<b>8,017.22</b>	<b>0.00</b>		<b>0.00</b>		<b>0.00</b>		<b>0.00</b>		<b>0.00</b>		<b>0.00</b>
Employer Match Account (5) - 40.00%	141,688.31	56,675.32	8,017.22	0.00		0.00		0.00		0.00		0.00		0.00
<b>Johnson, Carl</b>	<b>165,383.41</b>	<b>165,383.41</b>	<b>30,254.62</b>	<b>0.00</b>		<b>0.00</b>		<b>0.00</b>		<b>0.00</b>		<b>0.00</b>		<b>0.00</b>
Employer Match Account (5) - 100.00%	165,383.41	165,383.41	30,254.62	0.00		0.00		0.00		0.00		0.00		0.00
<b>Johnson, Matt</b>	<b>253,992.60</b>	<b>25,399.26</b>	<b>4,519.23</b>	<b>0.00</b>		<b>0.00</b>		<b>0.00</b>		<b>0.00</b>		<b>0.00</b>		<b>0.00</b>
Employer Match Account (5) - 10.00%	253,992.60	25,399.26	4,519.23	0.00		0.00		0.00		0.00		0.00		0.00
<b>Jones, Bob</b>	<b>222,416.35</b>	<b>57,503.27</b>	<b>6,292.17</b>	<b>0.00</b>		<b>0.00</b>		<b>0.00</b>		<b>0.00</b>		<b>0.00</b>		<b>0.00</b>
Employer Match Account (5) - 25.85%	222,416.35	57,503.27	6,292.17	0.00		0.00		0.00		0.00		0.00		0.00
<b>Smith, John</b>	<b>429,928.47</b>	<b>140,432.76</b>	<b>23,831.87</b>	<b>20,056.96</b>		<b>0.00</b>		<b>0.00</b>		<b>20,056.96</b>		<b>0.00</b>		<b>20,056.96</b>
Employer Match Account (5) - 32.66%	429,928.47	140,432.76	23,831.87	20,056.96		0.00		0.00		20,056.96		0.00		20,056.96

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	12/31/2023	12/31/2023	12/31/2023	12/31/2023		Excess		Lag		12/31/2023		Prior		12/31/2023
<u>Participant/Account/Vested Percent</u>	<u>Total</u>	<u>Vested</u>	<u>Increase In</u>	<u>Base</u>	<u>Interest</u>	<u>Deferral</u>	<u>Method</u>	<u>Additional</u>	<u>Unadjusted</u>	<u>Amount to</u>	<u>Adjustment</u>	<u>Period</u>	<u>Adjusted</u>	<u>Amount to</u>
	<u>Balance</u>	<u>Balance</u>	<u>Vested</u>	<u>Amount to</u>	<u>Deferral</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>	<u>Include</u>	<u>Include</u>	<u>Adjustment</u>	<u>Adjustment</u>	<u>Amount to</u>	<u>Include</u>

**COLUMN DEFINITIONS:**

- (i) **Total Balance** represents the total participant account balance as of the date shown **plus** the cumulative total of any distributions made from the account **plus** any forfeitures.
- (ii) **Vested Balance** represents the vested participant account balance as of the date shown **plus** the cumulative total of any distributions made from the account.
- (iii) **Increase In Vested Balance** represents the Vested Balance (ii) as of the date shown **minus** the Vested Balance as of the end of the prior FICA reporting period.
- (a) **12/31/2023 Base Amount to Include** represents the amount (based on the balance as of **12/31/2023** and vested percentage as of **12/31/2023**) that has been (or will be) included for FICA in the current FICA reporting period and reduced by any amounts overreported in the prior period. If columns (g) and (h) are displayed then this value represents an **estimate** under the FICA Estimation Method.
- (b) **Excess Interest Deferral** represents any interest deemed 'unreasonable' on previously included/reported amounts.
- (c) **FICA Lag Method Additional Amount** N/A
- (d) **12/31/2023 Unadjusted Amount to Include** represents the target amount includable for FICA as of the date shown **including** any Excess Interest Deferral (b) and Lag Method Additional Amount (c).
- (e) **Prior Period Adjustment** represents any historical differences between target amount includable for FICA and actual amount that should have been included previously.
- (f) **12/31/2023 Adjusted Amount to Include** represents the 12/31/2023 Unadjusted Amount to Include (d) plus any Prior Period Adjustment (e).

**FICA METHODOLOGY NOTES:**

- 1. No amounts have been included for this account for purposes of FICA / FUTA.
- 2. Includable amounts for this account assume that all contributions are 100% vested and have been reported immediately.
- 3. Includable amounts for this account are based upon the increase in vested account balance and may be reduced by a specified rate.
- 4. Includable amounts for this account are estimates based on levelized earnings over the reporting period.
- 5. Includable amounts for this account are estimates based on levelized earnings over the reporting period if less than 100% vested.  
Includable amounts for this account are estimates based on immediate reporting of contributions starting in period following attainment of 100% vesting.

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