

A background image showing three people in professional attire (two women and one man) engaged in a discussion. One woman is in the foreground, looking towards the others. Another woman is to her right, and a man is partially visible on the left. They appear to be in a collaborative work environment.

CASE STUDY

Strategic 401(k) Redesign for a Growing Professional Services Firm

This professional services firm had long offered a 401(k) plan, but it hadn't evolved with the business. The plan, managed through a bundled provider, featured a basic match-only structure and lacked flexibility, oversight, and proactive guidance. Leadership began to question whether it aligned with their broader tax strategy, employee expectations, and operational goals.

Employee engagement was low, and administrative responsibilities placed a growing burden on internal staff. The plan had become more of a maintenance item than a value-driving benefit. After a referral from a trusted advisor, Lutz Financial was engaged to evaluate the plan and recommend a more strategic, integrated solution.

THE CHALLENGES

What began as a simple employee benefit had evolved into a missed opportunity for both the business and its leadership team. As the firm matured, several pressing needs emerged.

+ More Strategic Contributions

The existing match-only structure limited the ability to maximize owner contributions and realize available tax savings.

+ Modernized Plan Design

The retirement plan had not kept pace with the business's growth or evolving employee base, lacking the flexibility to adapt to new goals.

+ Cost Transparency & Fairness

Plan fees were largely borne by employees, creating confusion and an inequitable cost structure that impacted perceived value.

+ Operational Relief

Internal staff were responsible for plan administration and compliance, creating inefficiencies, risk exposure, and time constraints.

+ Employee Engagement

Low participation and limited financial education left employees disconnected from the benefit—undermining morale and retention efforts.

+ Lack of Fiduciary Oversight

Without a dedicated fiduciary partner, the business was exposed to compliance risks and lacked a clear governance process for managing the plan responsibly.

THE LUTZ FINANCIAL APPROACH

We guided owners through a strategic plan redesign focused on tax savings, operational efficiency, and employee value — while preserving their time and peace of mind.

+ Plan Design Optimization

Redesigned the plan using a Safe Harbor non-elective + new comparability profit-sharing structure to unlock strategic contributions and tax benefits.

+ Tax Savings Strategy

Aligned contributions with business income and tax planning, resulting in measurable savings and increased net benefits for leadership.

+ Cost Structure Overhaul

Removed participant-paid administrative fees and shifted costs to the business, reducing average fees and delivering a more equitable benefit structure.

+ Administrative Simplification

The firm transitioned into the Lutz Financial Pooled Employer Plan (PEP), offloading the day-to-day burden of compliance and administration. This shift streamlined internal operations, ensured professional oversight, and gave business leaders back valuable time to focus on running the company.

+ Employee Education & Engagement

To elevate participation and understanding, Lutz conducted a group presentation followed by one-on-one sessions with employees. These meetings helped team members understand the plan's value, make confident investment choices, and build a stronger connection to their retirement benefit.

+ Enhanced Employee Benefit

Beyond simplifying the plan and lowering fees, the redesigned structure included a more meaningful employer contribution. This not only improved overall plan value but also reinforced the company's commitment to employee financial well-being— supporting morale, retention, and workplace culture.



THE OUTCOME

The redesigned retirement plan delivered measurable value across the board—enhancing owner benefits, elevating the employee experience, and streamlining plan management. What was once a static benefit became a dynamic tool for growth, retention, and long-term financial stewardship.



STRATEGIC CONTRIBUTIONS

The optimized plan design enabled owners to contribute over \$60,000 annually—more than double the previous limit—while aligning with tax strategy to boost both savings and long-term retirement outcomes.



OPERATIONAL RELIEF

By moving to the Lutz Financial Pooled Employer Plan, the firm offloaded administrative tasks and compliance oversight.



TANGIBLE SAVINGS

Participant fees dropped, and owners saw a reduction in plan costs—creating clear, measurable savings across the board.