

A 2009 Plan Example

Goal: Maximize owner at \$49,000 + \$5,500 catch-up contribution
Illustrates various employer contribution costs by allocation formulas

Name	Class	Income	Age	Deferral\$	Catchup	PS		PS		PS		PS	
						Pro Rata	% of Pay	Integrated	% of Pay	Age Weighted	% of Pay	New Comp	% of Pay
Owner	A	\$245,000.00	50	\$16,500.00	\$5,500.00	\$32,500.00	13.27%	\$32,500.00	13.27%	\$32,500.00	13.27%	\$32,500.00	13.27%
Subtotal		\$245,000.00		\$16,500.00	\$5,500.00	\$32,500.00		\$32,500.00		\$32,500.00		\$32,500.00	
Employee #2	B	\$150,000.00	40	\$7,500.00	\$0.00	\$19,905.00	13.27%	\$17,552.40	11.70%	\$14,408.37	9.61%	\$9,000.00	6.00%
Subtotal		\$150,000.00		\$7,500.00	\$0.00	\$19,905.00		\$17,552.40		\$14,408.37		\$9,000.00	
Employee #3	C	\$45,000.00	40	\$1,800.00	\$0.00	\$5,971.50	13.27%	\$4,527.00	10.06%	\$4,322.51	9.61%	\$1,990.80	4.42%
Employee #4	C	\$36,000.00	35	\$1,440.00	\$0.00	\$4,777.20	13.27%	\$3,621.60	10.06%	\$2,299.73	6.39%	\$1,592.64	4.42%
Employee #5	C	\$29,000.00	32	\$1,160.00	\$0.00	\$3,848.30	13.27%	\$2,917.40	10.06%	\$1,450.39	5.00%	\$1,282.96	4.42%
Employee #6	C	\$26,000.00	22	\$1,040.00	\$0.00	\$3,450.20	13.27%	\$2,615.60	10.06%	\$575.12	2.21%	\$1,150.24	4.42%
Subtotal		\$136,000.00		\$5,440.00	\$0.00	\$18,047.20		\$13,681.60		\$8,647.75		\$6,016.64	
Total		\$531,000.00		\$29,440.00	\$5,500.00	\$70,452.20		\$63,734.00		\$55,556.12		\$47,516.64	

Total Contribution (Owner)	16,500.00	5,500.00	32,500.00	32,500.00	32,500.00	32,500.00
Total Contribution (Non-key)	12,940.00	0.00	37,952.20	31,234.00	23,056.12	15,016.64
Total	29,440.00	5,500.00	70,452.20	63,734.00	55,556.12	47,516.64

% of Contribution (Owner)	46%	51%	58%	68%
% of Contribution (Non-Key)	54%	49%	42%	32%
Total	100%	100%	100%	100%

Profit Sharing Allocation Options

- **Pro Rata**
 - Provides a uniform allocation to all participants
- **Integrated Profit Sharing**
 - Provides greater benefit to employees that max out at the SS limit (\$106,800 for 2009)
- **Age Weighted Profit Sharing**
 - Provides greater benefit to employees closer to retirement age
- **New Comparability Profit Sharing**
 - Provides greater benefit to employees that you wish to target

Safe Harbor 401(k) Formulas

- **Safe Harbor Match**
 - At least \$1 on deferrals up to 3% of comp and \$0.50 on deferrals on next 2% of comp
- **Safe Harbor Profit Sharing**
 - At least 3% to all NHCE's (& HCE's) on all eligible wages
- **Benefits of Safe Harbor**
 - Owners and HCE's can defer the maximum (\$16,500 in 2009) without failing ADP/ACP discrimination test
 - Satisfies minimum Top-Heavy requirements
- **Conditions of Safe Harbor**
 - Must be 100% vested
 - Cannot have 1000 hours or last day requirement
 - Annual advanced notice requirement
 - In-service withdrawal restrictions (not available for hardships or in-service withdrawal before age 59 1/2)