



A 2005 Plan Example

Goal: Maximize owner at \$42,000 + \$4,000 catch-up contribution
Illustrates various employer contribution costs by allocation formulas

Name	Class	Income	Age	Deferral\$	Catchup	PS		PS	% of Pay	PS		PS	% of Pay
						Pro Rata	% of Pay			Age Weighted	% of Pay		
Owner	A	\$210,000.00	50	\$14,000.00	\$4,000.00	\$28,000.00	13.33%	\$28,000.00	13.33%	\$28,000.00	13.33%	\$28,000.00	13.33%
Subtotal		\$210,000.00		\$14,000.00	\$4,000.00	\$28,000.00		\$28,000.00		\$28,000.00		\$28,000.00	
Employee #2	B	\$100,000.00	39	\$5,000.00	\$0.00	\$13,333.00	13.33%	\$10,646.00	10.65%	\$11,185.00	11.19%	\$8,000.00	8.00%
Subtotal		\$100,000.00		\$5,000.00	\$0.00	\$13,333.00		\$10,646.00		\$11,185.00		\$8,000.00	
Employee #3	C	\$45,000.00	39	\$1,160.00	\$0.00	\$5,999.85	13.33%	\$4,534.00	10.08%	\$5,033.00	11.18%	\$2,002.00	4.45%
Employee #4	C	\$36,000.00	34	\$1,440.00	\$0.00	\$4,799.88	13.33%	\$3,627.00	10.08%	\$2,678.00	7.44%	\$1,602.00	4.45%
Employee #5	C	\$29,000.00	31	\$1,040.00	\$0.00	\$3,866.57	13.33%	\$2,922.00	10.08%	\$1,689.00	5.82%	\$1,290.00	4.45%
Employee #6	C	\$26,000.00	21	\$1,800.00	\$0.00	\$3,466.58	13.33%	\$2,619.00	10.08%	\$670.00	2.58%	\$1,157.00	4.45%
Subtotal		\$136,000.00		\$5,440.00	\$0.00	\$18,132.88		\$13,702.00		\$10,070.00		\$6,051.00	
Total		\$446,000.00		\$24,440.00	\$4,000.00	\$59,465.88		\$52,348.00		\$49,255.00		\$42,051.00	

Total Contribution (Owner)	14,000.00	4,000.00	28,000.00	28,000.00	28,000.00	28,000.00
Total Contribution (Non-key)	10,440.00	0.00	31,465.88	24,348.00	21,255.00	14,051.00
Total	24,440.00	4,000.00	59,465.88	52,348.00	49,255.00	42,051.00

% of Contribution (Owner)	47%	53%	57%	67%
% of Contribution (Non-Key)	53%	47%	43%	33%
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 (\$90,000 for 2005)
- 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 (\$14,000 in 2005) 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)