



Pentec

, INC.

PENSION ACTUARIES & CONSULTANTS

72 QUEEN STREET • PO BOX 653 • SOUTHLINGTON, CT 06489 • PHONE 860-628-2555 • FAX 860-628-5155

To: Clients/Advisors

From: Michael E. Callahan, FSPA, EA, CPC, MAAA
Vice President

Re: Plan Design Concepts for Year End Consideration -- Case Study III

This is the third newsletter in a series of plan designs that may help you in solving your tax deferral and retirement needs. We have been working on the new designs allowed due to the passage of the Pension Protection Act of 2006. These case studies provide the objectives and solutions based upon a set of facts that may remind you of your company's position or those of someone you know.

FACTS: Company making lots of money and expects it to continue for at least the next two years. The company made an 11% non-integrated Profit Sharing contribution last year. It has two owners who have built the business over the last 15 years.

OBJECTIVES: Owners wish to shelter as much money as possible for themselves.

SOLUTION: Reduce current years Profit Sharing contribution from 11% to 7% for all employees except owners who will receive \$45,000 each. Add Cash Balance Plan with \$174,000 allocation for each owner and \$780 each for 31 remaining Participants. Total Cash Balance Contribution - \$372,180 - owners share \$348,000. Increased Profit Sharing allocation for owners \$45,000 vs. 7% of \$225,000 (\$15,750). Total for owners \$90,000 vs. \$31,500. Total additional share for owners - \$381,500.

If you are interested in pursuing a revision of your plan to expand the contributions, tax savings and retirement accumulation, please feel free to contact me at mc@pentec-inc.com or (860) 628-2555.

OVER→

ER. TOTAL CONT. (W/O SAL DEF FOR HCE)	\$594,642
TOTAL CONT. FOR HCE (WITH SAL DEF)	\$0
% OF EMPLOYER CONTRIBUTION TO HCE	0.00%
TOTAL ER CONT TO NHCE	\$594,642
% OF ER COST TO NHCE	100.00%

CASE STUDY 3

VALUATION DATE November 1, 2006

LAST NAME	DATE OF BIRTH	DATE OF HIRE	TOTAL COMP	TOTALS		BALANCE CONT.	SHARING CONT.	DEFERRAL w/o catch up	MATCH CONT.	GROUP #
				0=NO HCE	1=YES					
						\$372,180	\$222,462	\$0	\$0	
						CASH	PROFIT	SALARY		
						780.00	1,380.36	0.00	0.00	1
						780.00	3,796.96	0.00	0.00	1
						780.00	2,574.01	0.00	0.00	1
						780.00	8,306.00	0.00	0.00	5
						780.00	1,667.09	0.00	0.00	1
						780.00	5,460.00	0.00	0.00	1
						780.00	4,628.34	0.00	0.00	1
						780.00	8,096.00	0.00	0.00	5
						780.00	2,354.65	0.00	0.00	1
						780.00	5,403.19	0.00	0.00	1
						780.00	1,915.68	0.00	0.00	1
						780.00	2,525.71	0.00	0.00	1
						780.00	2,684.79	0.00	0.00	1
						780.00	3,160.43	0.00	0.00	1
						780.00	5,085.80	0.00	0.00	1
						780.00	7,149.21	0.00	0.00	5
						780.00	3,161.72	0.00	0.00	1
						780.00	4,317.89	0.00	0.00	1
						780.00	2,554.77	0.00	0.00	1
						780.00	10,533.78	0.00	0.00	5
						780.00	2,469.26	0.00	0.00	1
						780.00	4,237.45	0.00	0.00	1
						780.00	3,255.98	0.00	0.00	5
						780.00	5,735.45	0.00	0.00	1
						780.00	8,847.62	0.00	0.00	5
						780.00	3,558.45	0.00	0.00	1
						780.00	3,132.85	0.00	0.00	1
						780.00	3,405.15	0.00	0.00	1
						780.00	4,235.95	0.00	0.00	1
						780.00	4,730.25	0.00	0.00	1
						780.00	4,097.66	0.00	0.00	1
						174,000.00	44,000.00	0.00	0.00	2
						174,000.00	44,000.00	0.00	0.00	2