

Pentec

, INC.

PENSION ACTUARIES & CONSULTANTS

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To: Clients/Advisors

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

Re: Plan Design Concepts for Year End Consideration – Case Study V

This is the fifth 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: Physician and wife are employed in P.C. Have two other employees, one who has been employed almost twenty years and the other relatively new. The practice does not have a Plan currently.

OBJECTIVES: Provide benefits for the senior employee. Maximize tax-sheltered allocation for the Physician and spouse.

SOLUTION: Create two Plans, Profit Sharing and Cash Balance. The Cash Balance Plan will provide a \$180,000 contribution for the Physician, \$60,000 for his wife. Two other employees will receive a contribution of 2.5% of pay. In addition, create a Profit Sharing Plan with a 7.5% of pay allocation for the two employees with a nominal amount for the Principals. This is necessary to meet IRS non-discrimination requirements. Total Contributions - \$248,796. Share to Principals - \$240,000.

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)	\$249,396
TOTAL CONT. FOR HCE (WITH SAL DEF)	\$240,600
% OF EMPLOYER CONTRIBUTION TO HCE	96.47%
TOTAL ER CONT TO NHCE	\$69,096
% OF ER COST TO NHCE	27.71%

CASE STUDY 5

VALUATION DATE January 1, 2007

FIRST NAME	LAST NAME	DATE OF BIRTH	DATE OF HIRE	TOTAL COMP	0=NO 1=YES HCE	TOTALS	\$242,199	\$7,197	\$0	\$0	GROUP #
						DEFINED BENEFIT CONT.	PROFIT SHARING CONT.	SALARY DEFERRAL w/o catch up	MATCH CONT.		
		9/19/44	4/1/78	279000	1	180,000.00	300.00	0.00	0.00	0.00	1
		2/16/45	4/1/78	59500	1	60,000.00	300.00	0.00	0.00	0.00	2
		10/4/50	2/1/89	60963	0	1,524.08	4,572.23	0.00	0.00	0.00	3
		3/16/74	1/2/06	27001	0	675.03	2,025.08	0.00	0.00	0.00	4