

# Maximizing Your Retirement - 2009

Your company's current retirement plan may be satisfactory, but recent changes in the law allow options you may want to consider.

A Safe Harbor 401(k) Plan may be a great option if the owners are being limited in their deferral by the other employees. No ADP or Top Heavy Testing required if a minimum contribution is made. If you are currently making a contribution on behalf of your employees, you may not be benefiting from the employer contribution as much as possible. A New Comparability Profit Sharing allocation can provide your company with a targeted contribution for key employees, while minimizing employee benefit costs.

Employee Details		
Employee	Age	Annual Salary
Owner 1	55	245,000
Spouse 1	55	25,000
<b>Sub Total</b>		<b>270,000</b>
Employee 1	35	40,000
Employee 2	30	35,000
Employee 3	27	30,000
Employee 4	25	27,000
<b>Total</b>		<b>132,000</b>

Profit Sharing Only		
Traditional	Integrated	New Comparability
49,000	49,000	49,000
5,000	4,195	5,000
<b>54,000</b>	<b>53,195</b>	<b>54,000</b>
8,000	6,712	2,000
7,000	5,873	1,750
6,000	5,034	1,500
5,400	4,530	1,350
<b>26,400</b>	<b>22,149</b>	<b>6,600</b>

401(k) with Employer Contributions*		
401(k) SH match	401(k) SH New Comp	Simple IRA
31,800	54,500	21,350
23,000	25,000	14,750
<b>54,800</b>	<b>79,500</b>	<b>36,100</b>
1,600	2,000	1,200
1,400	1,750	1,050
1,200	1,500	900
1,080	1,350	810
<b>5,280</b>	<b>6,600</b>	<b>3,960</b>

**Total Employer Cost:**

Cost of Non-owners:

Benefit to Owners:

Owners % of Total:

<b>80,400</b>	<b>75,344</b>	<b>60,600</b>
26,400	22,149	6,600
<b>54,000</b>	<b>53,195</b>	<b>54,000</b>
<b>67%</b>	<b>70%</b>	<b>89%</b>

<b>60,480</b>	<b>86,100</b>	<b>40,060</b>
5,280	6,600	3,960
<b>54,800</b>	<b>79,500</b>	<b>36,100</b>
<b>91%</b>	<b>92%</b>	<b>90%</b>

\*401(k) Assumptions: Employees defer 5%, Allocations for Employees do not include 401(k)

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# Cash Balance/401(k) Profit Sharing Combination

**Cash Balance Plans may be appropriate for companies where you and your target employees are:**

- age 40 or older and generally older than the remaining staff
- want to generate a high tax-deductible contribution beyond the scope of the \$54,500 available in other plans
- all able to commit to funding the plan for at least five years

Employee	Age	Ret. Age	Annual Salary	Cash Balance \$	Cash Balance %	401(k) Deferral \$	3% Safe Harbor	Profit Sharing \$	Total Allocation \$	% of Comp
Principal 1	50	62	\$ 245,000	\$ 110,250	45%	\$ 22,000	\$ 0	\$ 14,700	\$ 146,950	59.9%
Principal 2	51	62	245,000	110,250	45%	22,000	0	14,700	146,950	59.9%
<b>Principal Totals</b>			<b>\$ 490,000</b>	<b>\$ 220,500</b>		<b>\$ 44,000</b>	<b>\$ 0</b>	<b>\$ 29,400</b>	<b>\$ 293,900</b>	
Employee 1	56	62	\$ 200,000	\$ 4,000	2%	\$ 4,000	\$ 0	12,000	\$ 16,000	8.0%
Employee 2	26	62	40,000	800	2%	800	1,200	1,200	3,200	8.0%
Employee 3	36	62	27,000	540	2%	540	810	810	2,160	8.0%
Employee 4	25	62	20,000	400	2%	400	600	600	1,600	8.0%
Employee 5	62	66	51,000	1,020	2%	1,020	1,530	1,530	4,080	8.0%
Employee 6	52	62	54,000	1,080	2%	1,080	1,620	1,620	4,320	8.0%
Employee 7	45	62	68,000	1,360	2%	1,360	2,040	2,040	5,440	8.0%
Employee 8	37	62	35,000	700	2%	700	1,050	1,050	2,800	8.0%
<b>Employee Totals</b>			<b>\$ 495,000</b>	<b>\$ 9,900</b>		<b>\$ 9,900</b>	<b>\$ 8,850</b>	<b>\$ 20,850</b>	<b>\$ 39,600</b>	
<b>Grand Totals</b>			<b>\$ 985,000</b>	<b>\$ 230,400</b>		<b>\$ 53,900</b>	<b>\$ 8,850</b>	<b>\$ 50,250</b>	<b>\$ 333,500</b>	

**Notes:**

- Assumes each Employee defers 2% in 401(k) contributions
- Profit Sharing contribution equals 6% of total compensation

## 2009 Plan Limits

### Qualified Plan Limits

Maximum Compensation	\$ 245,000
401(k)/403(b) Deferral Limits	\$ 16,500
401(k)/403(b) Catch-up	\$ 5,500
Annual Contribution Limit (age<50)	\$ 49,000
Annual Contribution Limit (age>50)	\$ 54,500
Social Security Wage Base	\$ 106,800

### IRA Limits

<b>Simple IRA</b>	
Deferral Contributions	\$ 11,500
Catch-up Contributions	\$ 2,500
<b>Roth IRA</b>	
Deferrals Contributions	\$ 5,000
Catch-up Contributions	\$ 1,000

**Highly Compensated Employee:** More than a 5% owner or earned \$105,000 in the prior year



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