

2010 ABC, Inc. Safe Harbor 401(k) Plan Proposal

	<u>W/ Pension Plan</u>	<u>W/O Pension Plan</u>
2010 S-Corp. Net Income (Assumed)	\$200,000	\$200,000
Safe Harbor Matching	(\$13,600)	\$0
2010 S-Corp. Final Net Income (K-1):	<u>\$186,400</u>	<u>\$200,000</u>
2010 Personal Income (Owners):		
2010 S-Corp. K-1	\$186,400	\$200,000
Salary (Owners)	\$275,000	\$275,000
401(k) Salary Reduction (Owner)	(\$44,000)	\$0
Personal Taxable Income before standard deduction or exemption (Owners)	<u>\$417,400</u>	<u>\$475,000</u>
2010 Personal Fed & State Tax Paid	\$185,000	\$215,000

Participant Name	Age	W-2 Salary	401(k) Salary Reduction	Personal Net Income	Safe Harbor Matching	Percentage %
Owner 1	60	\$245,000.00	(\$22,000.00)	\$223,000.00	\$9,800.00	72.06%
Owner 2	57	\$30,000.00	(\$22,000.00)	\$8,000.00	\$1,200.00	8.82%
Employee 1	30	\$35,000.00	(\$16,500.00)	\$18,500.00	\$1,400.00	10.29%
Employee 2	28	\$30,000.00	(\$10,000.00)	\$20,000.00	\$1,200.00	8.82%
Employee 3	25	\$25,000.00	\$0.00	\$25,000.00	\$0.00	0.00%
Total		\$365,000.00	(\$70,500.00)	\$294,500.00	\$13,600.00	100.00%

Note:

1. Safe Harbor Matching is contributed by Employer as a pension expense for the corporation and it's 100% tax deduction
2. The Total Tax Savings will be around **\$30,000**