

2010 ABC, Inc. Defined Benefit Plan and Profit Sharing Plan COMBO Proposal

	<u>W/ Pension Plan</u>	<u>W/O Pension Plan</u>
2010 S-Corp. Net Income (Assumed)	\$200,000	\$200,000
Defined Benefit Contribution	(\$165,000)	\$0
Profit Sharing Contribution	(\$6,750)	\$0
2010 S-Corp. Final Net Income (K-1):	<u>\$28,250</u>	<u>\$200,000</u>
2010 Personal Income (Owners):		
2010 S-Corp. K-1	\$28,250	\$200,000
Salary (Owners)	<u>\$275,000</u>	<u>\$275,000</u>
Personal Taxable Income before standard deduction or exemption (Owners)	\$303,250	\$475,000
2010 Personal Fed & State Tax Paid	\$135,000	\$215,000

Participant Name	Age	W-2 Salary	Defined Benefit	Profit Sharing	Total	Percentage %
Owner 1	60	\$245,000.00	\$150,000.00	\$0.00	\$150,000.00	87.34%
Owner 2	57	\$30,000.00	\$15,000.00	\$0.00	\$15,000.00	8.73%
Employee 1	30	\$35,000.00	\$0.00	\$2,625.00	\$2,625.00	1.53%
Employee 2	28	\$30,000.00	\$0.00	\$2,250.00	\$2,250.00	1.31%
Employee 3	25	\$25,000.00	\$0.00	\$1,875.00	\$1,875.00	1.09%
Total		\$365,000.00	\$165,000.00	\$6,750.00	\$171,750.00	100.00%

Note:

1. Defined Benefit and Profit Sharing are contributed by Employer as a pension expense for the corporation and it's 100% tax deduction
2. The Total Tax Savings will be around **\$80,000**
3. According to new FPA'06, the owner can also adopt Profit Sharing Plan without reducing Defined Benefit Plan contribution amount

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