

2010 ABC, INC. Profit Sharing Plan Proposal

	<u>W/ Pension Plan</u>	<u>W/O Pension Plan</u>
2010 S-Corp. Net Income (Assumed)	\$200,000	\$200,000
Profit Sharing Contribution	(\$81,250)	\$0
2010 S-Corp. Final Net Income (K-1):	\$118,750	\$200,000
2010 Personal Income (Owners):		
2010 S-Corp. K-1	\$118,750	\$200,000
Salary (Owners)	\$275,000	\$275,000
Personal Taxable Income (Owners)	\$393,750	\$475,000
2010 Personal Fed & State Tax Paid	\$175,000	\$215,000

Participant Name	Age	W-2 Salary	Profit Sharing	Percentage %
Owner 1	60	\$245,000.00	\$49,000.00	60.31%
Owner 2	57	\$30,000.00	\$27,750.00	34.15%
Employee 1	30	\$35,000.00	\$1,750.00	2.15%
Employee 2	28	\$30,000.00	\$1,500.00	1.85%
Employee 3	25	\$25,000.00	\$1,250.00	1.54%
Total		\$365,000.00	\$81,250.00	100.00%

Note:

1. Profit Sharing 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 **\$40,000**