

Typical Defined Benefit Clients

<u>OWNER-ONLY BUSINESS</u>	<u>EMPLOYEE WITH SIDE-INCOME</u>																		
<p>OBJECTIVE: Maximum contribution and tax deduction.</p> <p>PROFILE: Independent consultant age 52, W-2 income of \$300,000, retirement age: 62. SOLUTION: Defined Benefit (DB) Plan for 10 years and a 401(k)</p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td></td> <td style="text-align: center;">DB only</td> <td style="text-align: center;">DB + 401(k)</td> </tr> <tr> <td>2011 Contribution :</td> <td style="text-align: right;">\$147,800</td> <td style="text-align: right;">\$184,500</td> </tr> <tr> <td>Tax Savings @ 38% :</td> <td style="text-align: right;">\$56,100</td> <td style="text-align: right;">\$70,100</td> </tr> </table> <p>Projected DB Accumulation : \$2.36 Million Annual DB Benefit : \$195,000</p>		DB only	DB + 401(k)	2011 Contribution :	\$147,800	\$184,500	Tax Savings @ 38% :	\$56,100	\$70,100	<p>OBJECTIVE: Reduce taxes on side income</p> <p>PROFILE: Professor, age 56, also has sole proprietor for the last several years from consulting, board fees, speeches, of \$150,000 (after paying self-employment taxes); retirement age: 62. SOLUTION: DB Plan for 6 years for side income</p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td>2011 Contribution :</td> <td style="text-align: right;">\$120,000</td> </tr> <tr> <td>Tax Savings @ 38% :</td> <td style="text-align: right;">\$45,600</td> </tr> </table> <p>Projected DB Accumulation : \$918,000 Annual DB Benefit : \$75,700</p>	2011 Contribution :	\$120,000	Tax Savings @ 38% :	\$45,600					
	DB only	DB + 401(k)																	
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<u>OWNER-ONLY, W-2 INCOME FLUCTUATES</u>	<u>SPOUSE HAS SELF-EMPLOYMENT INCOME</u>																		
<p>OBJECTIVE: Reduce taxes, retain flexibility</p> <p>PROFILE: Engineer, age 48, W-2 income of \$135,000 this year, not sure of future income. SOLUTION: DB Plan for 14 years, optional 401(k)</p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td></td> <td style="text-align: center;">DB only</td> <td style="text-align: center;">DB + 401(k)</td> </tr> <tr> <td>2011 Contribution :</td> <td style="text-align: right;">\$58,300</td> <td style="text-align: right;">\$82,900</td> </tr> <tr> <td>Tax Savings @ 38% :</td> <td style="text-align: right;">\$22,100</td> <td style="text-align: right;">\$31,500</td> </tr> </table> <p>Projected DB Accumulation : \$1.63 Million Annual DB Benefit : \$135,000</p>		DB only	DB + 401(k)	2011 Contribution :	\$58,300	\$82,900	Tax Savings @ 38% :	\$22,100	\$31,500	<p>OBJECTIVE: Invest earned income for retirement</p> <p>PROFILE: Wife, age 60, has been earning \$100,000 in bookkeeping practice (after self-employment taxes). They now want to invest her income. SOLUTION: DB Plan for 5 years</p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td>2011 Contribution :</td> <td style="text-align: right;">\$80,000</td> </tr> <tr> <td>Tax Savings @ 38% :</td> <td style="text-align: right;">\$30,400</td> </tr> </table> <p>Projected DB Accumulation : \$481,900 Annual DB Benefit : \$42,600</p>	2011 Contribution :	\$80,000	Tax Savings @ 38% :	\$30,400					
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<u>MARRIED BUSINESS PARTNERS, NO EMPLOYEES</u>	<u>SMALL BUSINESS , HIGH EARNING OWNER, 1-4 YOUNGER, LOWER PAID EMPLOYEES</u>																		
<p>OBJECTIVE: Maximize retirement savings</p> <p>PROFILE: Husband & wife doctors, ages 60 & 58, W-2 income of \$245,000 each, retiring in 5 years. SOLUTION: DB Plan for 5 years, optional 401(k)</p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td></td> <td style="text-align: center;">DB only</td> <td style="text-align: center;">DB + 401(k)</td> </tr> <tr> <td>2011 Contribution :</td> <td style="text-align: right;">\$374,800</td> <td style="text-align: right;">\$448,200</td> </tr> <tr> <td>Tax Savings @ 38% :</td> <td style="text-align: right;">\$142,400</td> <td style="text-align: right;">\$170,300</td> </tr> </table> <p>Projected DB Accumulation : \$2.26 Million Annual DB Benefit : \$195,000</p>		DB only	DB + 401(k)	2011 Contribution :	\$374,800	\$448,200	Tax Savings @ 38% :	\$142,400	\$170,300	<p>OBJECTIVE: Reach retirement savings goal faster, & provide employee benefits</p> <p>PROFILE: Dentist, age 55, retiring at 62, W-2 income of \$400,000. 3 employees, age 28-40, earn \$35,000-\$50,000</p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td></td> <td style="text-align: center;">Owner</td> <td style="text-align: center;">Employees</td> </tr> <tr> <td>2011 Contribution :</td> <td style="text-align: right;">\$175,200</td> <td style="text-align: right;">\$26,900</td> </tr> <tr> <td>Tax Saving @ 38% :</td> <td style="text-align: right;">\$66,500</td> <td></td> </tr> </table> <p>Projected DB Accumulation : \$1.65 Million Annual DB Benefit : \$136,500</p>		Owner	Employees	2011 Contribution :	\$175,200	\$26,900	Tax Saving @ 38% :	\$66,500	
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