



The Power of Design

2010

Benefit Equity, Inc. offers retirement plan solutions best suited for small businesses:

- Fully outsourced Administration
- Top rated fund management
- Customized plan design
- Local support & service

Understand the different types of Profit Sharing Plans

Traditional

Integrated

Age Weighted

New Comparability

Add on plans:

- 401(k)
- Defined Benefit
- Cash Balance

Profit Sharing Plan Solutions for Small Business

Benefit Equity, Inc., expands upon traditional profit sharing allocation methods by providing customized solutions to achieve a variety of objectives:

- Leverage allocations to select groups of employees or key individuals.
- Help older plan participants “make up” for lost time by allowing plan sponsors to allocate a greater portion of their profit sharing to those closer to retirement.
- “Weight” contributions to the most valued and/or highly compensated employees.
- Provide a uniform percentage allocation to all employees.

“Traditional” Profit Sharing method:

The Traditional Profit Sharing method is the most common form of Profit Sharing as it allocates contributions to all eligible employees evenly, either by a **Pro-Rata** - same percentage to all or **Per Capita** - same dollar amount to all.

The purpose is to allow the employer to reward his/her employees by sharing in on “profits” of the company. These contributions are flexible and allow different amounts to be contributed from year to year. This method fits a company that wants to reward the employees evenly regardless of job position or level.

“Integrated” Profit Sharing method:

Integration allows the plan to integrate the Social Security benefits in the plan by rewarding employees that make more than the Social Security Wage Base (\$106,800 for 2009). This method works for employers wanting to reward higher paid employees.



“Age-Weighted” Profit Sharing method:

The Age Weighted method is designed to help older plan participants make up for lost time. By allowing the employer to “weight” or allocate a greater portion of a firm’s profit sharing to those who are closer to retirement.

This methods is best suited for small closely-held or family businesses, with a small # of older employees or key employees that are older and are hard to replace.

The benefits of profit sharing allocations:

Flexible: Allocations methods can be designed to meet specific goals of the business.

Employee Incentive:

The plan, once designed, can become part of an overall incentive package.

Discretionary contributions: Profit Sharing allocations are not required each year. The deductible limit per year is 25% of eligible payroll.

Expandable:

Profit Sharing plans can allow for 401(k) Plans to be added to allow employee contributions.

Cross Tested:

Profit Sharing Plans can be added or integrated with a company’s Defined Benefit Plan to maximize owner contributions well beyond the maximums of Profit Sharing Plans. Ask about **PenMax™**, the pension that maximizes the benefits for business owners while minimizing the contributions to Rank & file.

"New Comparability" or "Tiered Allocated" method

By dividing employees into separate and distinct allocation groups, the class allocation or "Tiered Allocation" method allows plan sponsors to reward a specific group of individuals. The allocation groups can be tailored to satisfy specific objectives, such as rewarding:

- owners
- officers
- supervisors
- managers
- long-service employees



Profit Sharing Allocation Examples

Name	AGE	DOH	Income	Traditional	Integrated	Age Weighted	Tiered Allocated
Owner, A	51	1/1/1990	\$245,000.00	\$33,250.00	\$36,645.57	\$45,181.15	\$49,000.00
Owner, B	53	1/9/1990	\$245,000.00	\$33,250.00	\$36,645.57	\$49,000.00	\$49,000.00
Highly Comp Total			\$440,000.00	\$58,782.77	\$65,131.03	\$84,652.25	\$88,000.00
Employee A	29	1/1/2000	\$24,500.00	\$3,325.00	\$2,872.26	\$750.76	\$1,225.00
Employee B	34	1/1/2002	\$35,000.00	\$4,750.00	\$4,103.22	\$1,612.70	\$1,750.00
Employee C	30	1/1/2002	\$33,000.00	\$4,478.57	\$3,868.75	\$1,097.19	\$1,650.00
Employee D	27	1/1/2003	\$40,000.00	\$5,428.57	\$4,689.40	\$1,041.21	\$2,000.00
Employee E	27	1/1/2005	\$35,000.00	\$4,750.00	\$4,103.22	\$911.06	\$1,750.00
Employee F	26	1/1/2006	\$32,000.00	\$4,342.86	\$3,751.52	\$767.71	\$1,600.00
Employee G	47	1/1/2007	\$45,000.00	\$6,517.14	\$5,275.57	\$5,988.04	\$2,250.00
Employee H	34	1/1/2000	\$48,000.00	\$6,514.29	\$5,627.28	\$2,211.70	\$2,400.00
Employee I	44	1/1/2001	\$75,000.00	\$10,178.57	\$8,792.62	\$7,813.48	\$3,750.00
Non-HCE total			\$367,500.00	\$49,875.00	\$43,083.86	\$22,193.85	\$18,375.00
Total			\$857,500.00	\$116,375.00	\$116,375.00	\$116,375.00	\$116,375.00
Highly-Comp %			57.14%	57.14%	62.98%	80.93%	84.21%
Non-Highly Comp %			42.86%	42.86%	37.02%	19.07%	15.79%

We're on the web at
www.benefitequity.com

Put the power of experience to work for you

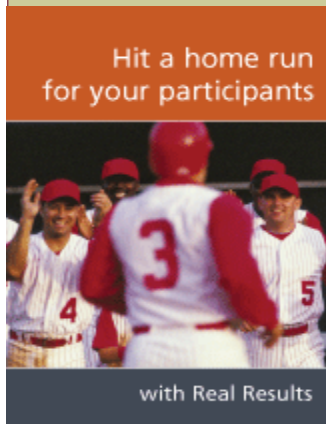
Company Overview

Benefit Equity was founded in 1989 by Robert H. Gorelick, APA. He started the company in an effort to bring quality recordkeeping and administrative services right to plan sponsors. By aligning with key providers in the industry, Benefit Equity has become a premier Third Party Administrator in Southern California.

With 750 plans, \$600 million under management and combined 200 years of pension experience, BEI has become a place where small business owners go to create, manage and consult on their retirement plans.

Additionally, BEI provides services for the employee too. Coupled with the services of local advisors, BEI presents enrollment seminars as well as advanced financial train-

ing. Our objective is to leave behind a logical and sound path to retirement for our client's employees. Additionally, BEI provides module training. Subjects include:



Roth 401(k), Internet access training, and economic market updates.

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Contact us today to learn how BEI can create a retirement plan solution to meet your company's financial retirement goals.

