



Which retirement plan is right for you?

- Regular 401(k)
- Safe Harbor 401(k)
- Profit Sharing Plan
- Cross-Tested Profit Sharing Plan
- Defined Benefit Pension Plan
- Cash Balance Pension (New plan only)
- Simplified Employee Pension (SEP)

We have provided the list below to help you choose the right retirement plan. It includes the benefits and limitations for each type of plan for 2009. Please feel free to call us for more information at (917) 828-5888.

■ Regular 401(k)

Benefits

- Employee pre-tax deferrals up to 100% of compensation or \$16,500
- Discretionary employer profit sharing contributions
- Employee contributions by payroll deductions
- Possible employer match for employee contributions
- Available options - loans, vesting, hardship withdrawals, rollovers
- Protection from creditors
- Participants age 50 or older can defer an additional \$5,500

Limitations

- May prevent maximum deferrals for key employees
- Anti-discrimination test applies
- Annual IRS 5500 Report
- Moderate administrative detail

Employee Participation - Maximum Requirements

- Age 21 with one year of service - 1,000 hours

■ Safe Harbor 401(k)

Benefits

- Employee deferrals up to 100% of compensation or \$16,500
- Discretionary employer contributions
- Employee contributions by payroll deductions
- Options available - loans, vesting, hardship withdrawals, rollovers
- Deemed to pass discrimination test

- May automatically meet top-heavy contribution requirements
- Protection from creditors
- Participants age 50 or older can defer an additional \$5,500

Limitations

- Annual IRS 5500 Report
- Moderate administrative detail
- Requires annual election and notice
- Mandatory employer contributions

Employee Participation - Maximum Requirements

- Age 21 with one year of service - 1,000 hours

■ Profit Sharing Plan

Benefits

- Maximum employer deduction 25% of compensation
- Individual contribution limit, lesser of 100% / \$49,000
- May combine into a 401(k) plan
- Other options - vesting, withdrawals, rollovers, loans
- Protection from creditors

Limitations

- Annual IRS 5500 Report
- Moderate administrative detail
- Limited allocation options
- Salary deferral not allowable

Employee Participation - Maximum Requirements

- Age 21 with one year of service, then vesting schedule can apply
- Age 21 with two years of service, then 100% vested at entry

■ Cross-Tested Profit Sharing New Comparability

Benefits

- Target individuals or groups to maximize contributions
- Maximum employer deduction 25% of compensation
- Individual contribution limit, lesser of 100% / \$49,000
- May combine into a 401(k) plan
- Other options - vesting, rollovers, loans
- Protection from creditors

Limitations

- Annual IRS 5500 Report
- Significant administrative detail

Employee Participation - Maximum Requirements

- Age 21 with one year of service, then vesting schedule can apply
- Age 21 with two years of service, then 100% vested at entry

■ **Defined Benefit Pension**

Benefits

- Maximize contributions and tax deductions
- Annual maximum individual benefit payable \$195,000
- May credit service prior to plan inception
- Favorable to older and long tenured employees
- Protection from creditors

Limitations

- Recurring annual contribution
- Annual IRS 5500 Report
- Extensive administrative detail
- Actuary advice required

Employee Participation - Maximum Requirements

- Age 21 with one year of service, then vesting schedule can apply
- Age 21 with two years of service, then 100% vested at entry.

■ **Cash Balance Pension - New Plan Only**

Benefits

- Maximize contributions and tax deductions
- Annual maximum individual benefit payable \$195,000
- May credit service prior to plan inception
- Favorable to older and long tenured employees
- Protection from creditors

Limitations

- Recurring annual contribution
- Annual IRS 5500 Report
- Extensive administrative detail
- Actuary advice required
- Lump sum distribution upon retirement

Employee Participation - Maximum Requirements

- Age 21 with one year of service, then vesting schedule can apply
- Age 21 with two years of service, then 100% vested at entry.

■ Simplified Employee Pension (SEP)

Benefits

- Maximum deductible contribution 25% of wages (or up to 20% of Schedule C income)/ up to a maximum of \$49,000. IRA contributions can be made for 2009 up until your tax filing deadline, plus extensions.
- Flexible contribution amounts
- No annual IRS 5500 Report
- Less administrative detail
- Participants age 50 or older can defer an additional \$2,500

Limitations

- No vesting schedule
- No federal protection from liens
- No hour requirements

Employee Participation - Maximum Requirements

- Age 21
- Employed three of past five years
- Compensation at least \$550