

Proposed  
New Comparability Cash Balance Plan  
FOR THE PLAN YEAR 01/01/2007 THROUGH 12/31/2007

Cross-tested Cash Balance Plan PLUS Profit Sharing Plan WITH 401(k) Deferrals permitted.

- Top-Heavy Minimum Benefit requirement is met in Profit Sharing Plan (total Employer contribution at least 5% allocation).
- Safe-Harbor 401(k) ADP test is met in Profit Sharing Plan (Non-Eligible Safe Harbor contribution at least 3% allocation).
- Gateway test for Cash Balance Plan Cross-testing is met by Profit Sharing Plan + Cash Balance Plan (generally at least 7.5% allocation, but may be lower).
- Total contribution (Cash Balance Plan PLUS Profit Sharing Plan) is less than the 25% of Covered Payroll total deductibility limit OR Profit Sharing Plan is less than 6% of Covered Payroll deductibility limit.

EMPLOYEE NAME	SEX	DATE OF BIRTH	DATE OF HI RE	PLAN CONSIDERED				CASH BALANCE HYPOTHETICAL ALLOCATION		PROFIT SHARING ALLOCATION		NON-ELECTIVE SAFE HARBOR ALLOCATION		401(k) ALLOCATION		CATCH UP 401(k) ALLOCATION		TOTAL EMPLOYEE ALLOCATION		
				COMPENSATN	AGE	PS	TS	RA	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Age 55 owner-1	M	07/01/52	01/01/02	225,000	55	6	13	62	153,926	68.41	0	0.00	0	0.00	15,500	6.89	5,000	2.22	174,426	77.52
Age 40 employee-01	M	07/01/67	01/01/06	40,000	40	2	24	62	1,200	3.00	3,600	9.00	1,200	3.00	0	0.00	0	0.00	6,000	15.00
Age 40 employee-02	M	07/01/67	01/01/06	40,000	40	2	24	62	1,200	3.00	3,600	9.00	1,200	3.00	0	0.00	0	0.00	6,000	15.00
Age 45 employee-01	M	07/01/62	01/01/06	45,000	45	2	19	62	1,350	3.00	4,050	9.00	1,350	3.00	0	0.00	0	0.00	6,750	15.00
Age 45 employee-02	M	07/01/62	01/01/06	45,000	45	2	19	62	1,350	3.00	4,050	9.00	1,350	3.00	0	0.00	0	0.00	6,750	15.00
Age 50 employee-01	M	07/01/57	01/01/06	50,000	50	2	14	62	1,500	3.00	4,500	9.00	1,500	3.00	0	0.00	0	0.00	7,500	15.00
TOTALS:				445,000					160,526		19,800		6,600		15,500		5,000		207,426	

404 Deductibility Limit is satisfied if either:

1. Cash Balance Plan + Profit Sharing + Safe Harbor <= 25% of Covered Payroll:

$$( 160,526 + 19,800 + 6,600 ) = 186,926 <= 111,250$$

OR 2. Profit Sharing + Safe Harbor <= 6% of Covered Payroll:

$$( 19,800 + 6,600 ) = 26,400 <= 26,700$$

NOTE: Cash Balance Plan is Cross-Tested with 401(k) Plan, so 401(k) Plan is REQUIRED, not optional.