

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-Elective 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			
					AMOUNT	%	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 55 employee-01	M	07/01/52	01/01/06	55,000	55	2	9	62	12,650	23.00	14,300	26.00	1,650	3.00	0	0.00	0	0.00	28,600	52.00
TOTALS:				280,000				166,576		14,300		1,650		15,500		5,000		203,026		

404 Deductibility Limit is satisfied if either:

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

$$( 166,576 + 14,300 + 1,650 ) = 182,526 <= 70,000$$

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

$$( 14,300 + 1,650 ) = 15,950 <= 16,800$$

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