



**BUSINESS RETIREMENT
PLANS COMPARISON**



KB PENSION SERVICES, INC.

Retirement Plans Overview - Cont. on Next Panel

Options	SEP-IRA (Simplified Employee Pension)	SIMPLE-IRA (Savings Incentive Match Plan for Employees)	403 (b)	401(k) Profit Sharing (Defined Contribution)
Employers who can provide	Corporation, partnership, self-employed, S corporation, nonprofit, limited liability entities.	Corporation, partnership, self-employed, S corporation, nonprofit and government entities. Business must have 100 or fewer employees and cannot have any other qualified plan.	Organizations qualified under IRC section 501(c)(3), such as schools, churches and hospitals.	Corporation, partnership, self-employed, S corporation, nonprofit (excluding government entities), limited liability entities.
Suitability Profile	Best suited for business owners who want simplicity. Ideally suited for companies with more volatile profits and low employee turnover.	Best suited for employers who want to encourage employee retirement savings and avoid costly administration. Employer obligation to contribute is relatively small compared with other plan choices.	Best suited for employers that want to minimize employer contributions and encourage employee savings, particularly plans that will be employee-funded only.	Best suited for employers that want to minimize employer contributions and encourage employee savings.
Deadline for establishing	Tax filing due date, including extensions.	Oct. 1 for contributions in current calendar year. (Plan year must be calendar.)	Can be established anytime during calendar year.	Last day of employer's fiscal year, but no later than commencement of employee contributions.
Deadline for employer contributions	Due date of employer's tax return, including extensions.	Due date of employer's tax return, including extensions. Deferrals must be deposited no later than 30 days following month of payroll.	Due date of employer's tax return, including extensions.	Due date of employer's tax return, including extensions. Deferrals must be deposited no later than 15 days following month of payroll.
Who must be included	Any employee older than age 21 who has worked for the employer for any part of three of last five plan years. May exclude employees earning less than \$550 per year.	Any employee who earned \$5,500 or more during any two preceding years and is expected to earn \$5,500 or more in the current year.	All employees of qualified organizations; some exclusions may be allowed.	Any employee with 1,000 hours of service in one 12-month period who is at least age 21. Can exclude certain employees.
Contributions options	Employer can change or discontinue contributions each year.	Employer must make matching contribution up to 3% of employee's compensation or contribute 2% of compensation for all eligible employees.	Contributions typically come from employee salary reduction. Employer contributions are permitted but may subject the plan to additional reporting/discrimination requirement.	Contributions come from employee salary reduction and/or from employer.
Maximum annual contribution that the employer may deduct	25% of employee's pay (maximum eligible pay per employee is \$245,000).	SIMPLE-IRA – Match up to 3% of pay or 2% of pay non-elective.	25% of employee's gross pay or \$49,000, whichever is less.	25% of total eligible payroll (maximum eligible pay per employee is \$245,000).
Maximum annual allocation accrual to employee's account	100% of employee's gross pay or \$49,000, whichever is less.	Combination of employer plus employee limits.	100% of employee's gross pay or \$49,000, whichever is less.	100% of employee's gross pay or \$49,000, whichever is less.
Maximum annual employee contribution	No employee contributions allowed, except in grandfathered SAR-SEPs.	100% of compensation ³ up to \$11,500 or \$14,000 if age 50 or older.	Elective contributions up to 100% of compensation ³ , not to exceed \$16,500 or \$22,000 if age 50 or older.	Elective contributions up to 100% of compensation ³ , not to exceed \$16,500 or \$22,000 if age 50 or older.
Vesting	Immediate 100% vesting.	Immediate 100% vesting.	Employee elective deferrals: immediate 100% vesting. Employer contributions: vesting schedules available.	Employee elective deferrals: immediate 100% vesting. Employer contributions: vesting schedules available.
Reporting and disclosure	When plan has been established, employer fills out SEP agreement and gives a copy to the employee when the employee becomes eligible. No additional annual reporting is required.	Minimal for SIMPLE-IRA. Employer must give employees Summary Description and Contribution Notice before Nov. 2 each year.	Written plan document required. Employer is responsible to ensure regulatory compliance. If employer makes contributions, IRS Form 5500 must be filed annually.	Full ERISA requirements. IRS Form 5500 and applicable schedules must be filed annually. Discrimination test applies to deferrals.

¹ Top-heavy minimums apply when more than 60% of account balances/accrued benefits are attributable to key employees (or for SEP-IRAs, 60% of aggregate contribution for key employees).

² Allocation refers to the total of employer-deductible contributions, forfeitures, and any employee salary deferral or voluntary after-tax contribution.

Retirement Plans Overview - Cont. From Previous Panel

January 1, 2009

401(k) Safe Harbor (Defined Contribution)	Profit Sharing (Defined Contribution)	Age-Weighted/Cross Tested Profit Sharing (Defined Contribution)	Defined Benefit Pension Plan (Defined Benefit)
Corporation, partnership, self-employed, S corporation, nonprofit, (excluding government entities), limited liability entities.	Corporation, partnership, self-employed, S corporation, nonprofit, limited liability entities.	Corporation, partnership, self-employed, S corporation, nonprofit, limited liability entities.	Corporation, partnership, self-employed, S corporation, nonprofit, limited liability entities.
Best suited for employers that want to make 3% to 4% contribution, avoid HCE ⁵ testing and encourage employee savings.	Best suited for companies with more volatile profits where employee turnover may be a problem.	The Age-Weighted profit sharing plan is best suited for companies that want to favor older employees. The Cross-Tested plan is best suited for companies that want to favor particular groups of employees.	Best suited for established companies with consistent profits. Benefits companies with key employees age 50 or older.
Last day of employer's fiscal year, but no later than commencement of employee contributions.	Last day of employer's tax year.	Last day of employer's tax year.	Last day of employer's tax year.
Due date of employer's tax return, including extensions. Deferrals must be deposited not later than 15 days following month of payroll.	Due date of employer's tax return, including extensions.	Due date of employer's tax return, including extensions.	Due date of employer's tax return, including extensions.
Any employee with 1,000 hours of service in one 12-month period who is at least age 21. Can exclude certain employees.	Any employee with 1,000 hours of service in two 12-month periods who is at least age 21. Can exclude certain employees.	Any employee with 1,000 hours of service in two 12-month periods who is at least age 21. Can exclude certain employees.	Any employee with 1,000 hours of service in two 12-month periods who is at least age 21. Can exclude certain employees.
Employer must make matching contribution up to 4% of employee's compensation or contribute 3% of compensation for all eligible employees.	Unless fixed as a percentage of compensation or profits, contributions are at the discretion of the employer and are not dependent on profits.	Unless fixed as a percentage of compensation or profits, contributions are at the discretion of the employer and are not dependent on profits.	Employer must meet minimum funding requirements, dictated by the benefit formula and calculated annually by an actuary.
25% of total eligible payroll (maximum eligible pay per employee is \$245,000).	25% of total eligible payroll (maximum eligible pay per employee is \$245,000).	25% of total eligible payroll (maximum eligible pay per employee is \$245,000).	Contribution is not limited (maximum pay per employee to determine benefits is \$245,000).
100% of employee's gross pay or \$49,000, whichever is less.	100% of employee's gross pay or \$49,000, whichever is less.	100% of employee's gross pay or \$49,000, whichever is less.	Annual benefit from the plan may not exceed the lesser of 100% of participant's compensation or \$195,000.
Elective contributions up to 100% of compensation ³ , not to exceed \$16,500 or \$22,000 if age 50 or older.	No employee contributions allowed.	No employee contributions allowed.	No employee contributions allowed.
Employee elective deferrals & employer safe harbor: immediate 100% vesting. Other Employer contributions: vesting schedules available.	Vesting schedules available.	Vesting schedules available.	Vesting schedules available.
Full ERISA requirements. IRS Form 5500 or 5500-EZ and applicable schedules must be filed annually.	Full ERISA requirements. IRS Form 5500 or 5500-EZ and applicable schedules must be filed annually.	Full ERISA requirements. IRS Form 5500 or 5500-EZ and applicable schedules must be filed annually.	Full ERISA requirements. IRS Form 5500 or 5500-EZ and applicable schedules must be filed annually.

employees).

³ Compensation is amounts shown on W-2 (wages, salaries, bonuses, etc.) and self-employed earned income.

INTRODUCING KB PENSION SERVICES, INC.

In response to the needs of local businesses, KB Pension Services, Inc. was formed to provide quality service in the area of employee retirement benefits. Our mission at Kerkering Barberio is bringing together the best people, quality services and innovative products to assist our clients in achieving their personal, business and financial goals.

We are a full-service employee retirement benefit consulting firm. This includes the planning of a retirement program to meet the needs of your employees in coordination with meeting the financial objectives of your business. In addition, our firm can administer the program locally, providing information to both the employer and employees on a timely basis.

Because our firm is active in the local business community, we are aware of the needs of local businesses and can provide a plan to meet those needs. We provide services to over 300 companies like yours and would welcome the opportunity to add you to our client family.

PLAN DESIGN

The first step in adding an employee retirement plan to your business is to design a plan that meets the needs of your company.

This involves reviewing the history of the company, its present day operations and its future goals. A retirement plan must help both the employees and the company itself.

Tax advantages are a serious consideration in determining the actual cost of the plan to the company. Additionally, the goals of the owners and key employees must be factored into the equation.

These factors determine the type of plan that will work best with the business and the employees. A well-designed plan will offer many advantages to both employers

and employees. Such a plan will also attract quality employees, reduce employee turnover and increase productivity. Employees will feel they have a greater personal investment in the company.

PLAN ADMINISTRATION

Plan administration combines various activities. It involves accounting, reporting to the appropriate agencies, and maintaining the plan in accordance with government rules and regulations. KB Pension Services, Inc. has significant expertise in each of these areas.

The accounting function for retirement plans involves managing information from several sources. This may include cash contributions from employees, contributions from employers, investment earnings, and payouts for retirement. In addition, there may be insurance premium payments, plan expense payments, loan disbursements and loan payments.

Many plans are regulated by the Internal Revenue Code and the Department of Labor. We review client plans regularly to be certain that they comply with all government regulations. This assures the special tax advantages of the plan.



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