

Illustration 1

Combined Cash Balance ("CB") and Defined Contribution ("DC") Plan Proposal for Small Law Firms

Plan Year Ending December 31, 2014

<u>Name</u>	<u>Age</u>	<u>Date of Hire</u>	<u>Plan Compensation</u>	<u>401(k) Plan</u>	<u>Profit Sharing Plan</u>	<u>Cash Balance Plan</u>	<u>Total Annual Plan Contributions</u>
Shareholders (2)							
Lawyer 1	45	10/01/2002	\$ 210,000	\$10,500	\$ 0	\$ 75,000	\$ 85,500
Lawyer 2	55	01/01/1980	210,000	10,500	0	150,000	160,500
Subtotals			\$ 420,000	\$21,000	\$ 0	\$225,000	\$246,000
Non-Shareholders (7)							
Part-Time Bookkeeper	22	11/16/2003	\$ 12,480	\$ 374	<u>5.00%</u> \$ 0	<u>5.00%</u> \$ 1,500	\$ 1,874
Secretary	23	09/12/2004	30,160	905	0	1,500	2,405
Paralegal	51	03/01/2003	60,000	1,800	3,000	0	4,800
Receptionist	23	07/01/2004	27,040	811	0	1,500	2,311
Paralegal	33	05/17/2003	38,480	1,154	1,924	0	3,078
Paralegal	50	04/10/2002	96,000	2,880	4,800	0	7,680
Secretary	29	01/01/2003	31,200	936	1,560	0	2,496
Subtotals			\$ 295,360	\$ 8,861	\$11,284	\$ 4,500	\$ 24,645
Grand Totals			\$ 715,360	\$29,861	\$11,284	\$229,500	\$270,645
<u>Percentage to Lawyers</u>							<u>94.0%</u>

Note

No one employee participates in both the Cash Balance and Profit Sharing Plan portion of the DC Plan. 94.0% of contributions were allocated to the 2 principals.