

INFORMATION REQUEST

Briefly describe your desired feedback.

Request for Annual Fees

Request for Engagement Memo

Yes

Yes

No

No

Request for Pension Plan Administration Specialist to call you

Yes, please call me at: _____

No, please mail information to me at the address listed below.

Comments:

Name: _____

Address: _____

Phone: _____

Complete the above and mail it to the address listed below.

Hyden, Miron & Foster, PLLC
200 Louisiana
Little Rock, AR 72201

Phone: 501-376-8222
Fax: 501-376-.7047

*Hyden, Miron & Foster, PLLC,
is available to assist you na-
tionwide.*

WHAT WILL WE DO FOR YOU?

We will draft and file organiza-
tional documents in order to:

1. Set up new plans
2. Convert existing plans into cash balance plans
3. Combine plans during mergers and acquisitions
4. Terminate Plans

HYDEN, MI RON &
FOSTER, PLLC



Visit our website
@
hmflaw.net

Cash Balance
Plans

ABOUT CASH BALANCE PLANS

Qualified Retirement Plans

Qualified retirement plans are retirement plans that comply with federal ERISA laws, allow a dollar-for-dollar deduction against gross income, allow tax-deferred growth, and protect against creditor claims.

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2 Types of Qualified Plans

1. Defined-benefit plans. The employer establishes and maintains defined-benefit plans. The employee benefits are defined as a series of payments for life to begin at retirement, usually in the form of an annuity. Benefits are calculated through various factors like years of service and how much the employee was paid. The employer has the entire investment risk and must cover any funding failures.

2. Defined-contribution plans. In defined-contribution plans, each employee has a separate account, funded by the employee's and the employer's contributions. The Employee's benefits are defined as the balance in this account. Employees are regularly given the ability to personally direct the investment of contributions in these plans.

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Cash Balance Plans

Cash balance plans are defined-benefit plans that determine employee benefits like defined-contribution plans, in the form of a stated account balance. Each year a "pay credit" and an "interest credit" are calculated and applied to produce a "hypothetical" account balance.

ADVANTAGES OF CASH BALANCE PLANS TO EMPLOYERS

1. Larger tax deductions; Higher per-year contribution limits than other types of plans
2. Quicker savings for partners and owners
3. Partners can select different amounts to be contributed to their respective account balances.
4. Large pool for investment
5. Can attract and provide more benefits to employee's who have changed jobs a lot in the past.
6. Can attract and provide more retirement benefits to older employee's who have neglected their retirement planning through their career.
7. Can attract all types of employee's due to the ease at which a cash balance plan can roll-over into an I.R.A.

ADVANTAGES OF CASH BALANCE PLANS TO EMPLOYEES

1. Steady build-up of retirement savings over the career of the employee
2. Guaranteed benefits not subject to market fluctuation
3. Higher annual limits so larger yearly contributions can be made.
4. Benefits can't be decreased through poor investing by the employee.
5. Offer better protection to workers who are laid off or whose firms go bankrupt.
6. Employees who change jobs often can accumulate wealth better than traditional plans that promote staying at one company.
7. Benefits are insured, subject to certain limitations, by the Pension Benefit Guaranty Corporation.
8. Usually offer lump-sum payment option which allows for easy roll-overs.

A CASE STUDY OF CASH BALANCE PLANS

Cash Balance Illustration
Plan Year Ending December 31, 2007

Shareholder	Age	Contribution	401(k)		Profit Sharing	Cash Balance	TOTAL CONTRIBUTION
			Employee	Employer			
Shareholder 1	60	\$ 225,000	\$ 20,500	\$ 29,500	\$0 to #####	\$ 225,000	
Shareholder 2	50	\$ 225,000	\$ 20,500	\$ 29,500	\$0 to #####	\$ 160,000	
Shareholder 3	40	\$ 225,000	\$ 15,500	\$ 29,500	\$0 to \$ 70,000	\$ 115,000	
Shareholder 4	40	\$ 225,000	\$ 15,500	\$ 29,500	\$0 to \$ 70,000	\$ 115,000	
Shareholder 5	30	\$ 225,000	\$ 15,500	\$ 29,500	\$0 to \$ 40,000	\$ 85,000	
Other providers	?	?	?	?	?	?	
Employees	?	?	?	5.7% of pay	?	\$ 500	?
Present to Shareholders							7%
							15
							90000