

# Hypothetical Profit Sharing Plan

For: Jennifer Hunt



*Retirement Plan*

Presented By: \_\_\_\_\_

[Licensed user's name appears here]

# A Defined Contribution Retirement Plan

Presented By: [Licensed user's name appears here]

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## Preface

A defined contribution retirement plan is an asset accumulation program which has been granted special tax consideration. It has these characteristics:

### Deductible Contributions

Funding costs within prescribed limits are deductible from current taxable income. (Certain nondeductible contributions may be allowed.)

### Tax Deferred Growth

Earnings are not subject to current income tax.

### Taxation At Distribution

Income tax is assessed on plan distributions in excess of nondeductible contributions.

### Form of Distribution

There are three: 1) lump sum; 2) payments from an annuity contract; and 3) withdrawal.

### Distribution Requirements

Distributions should start between ages 59½ and age 70½. Any amounts distributed prior to age 59½ are "premature distributions" and are generally subject to an additional 10.00% penalty tax. If distributions

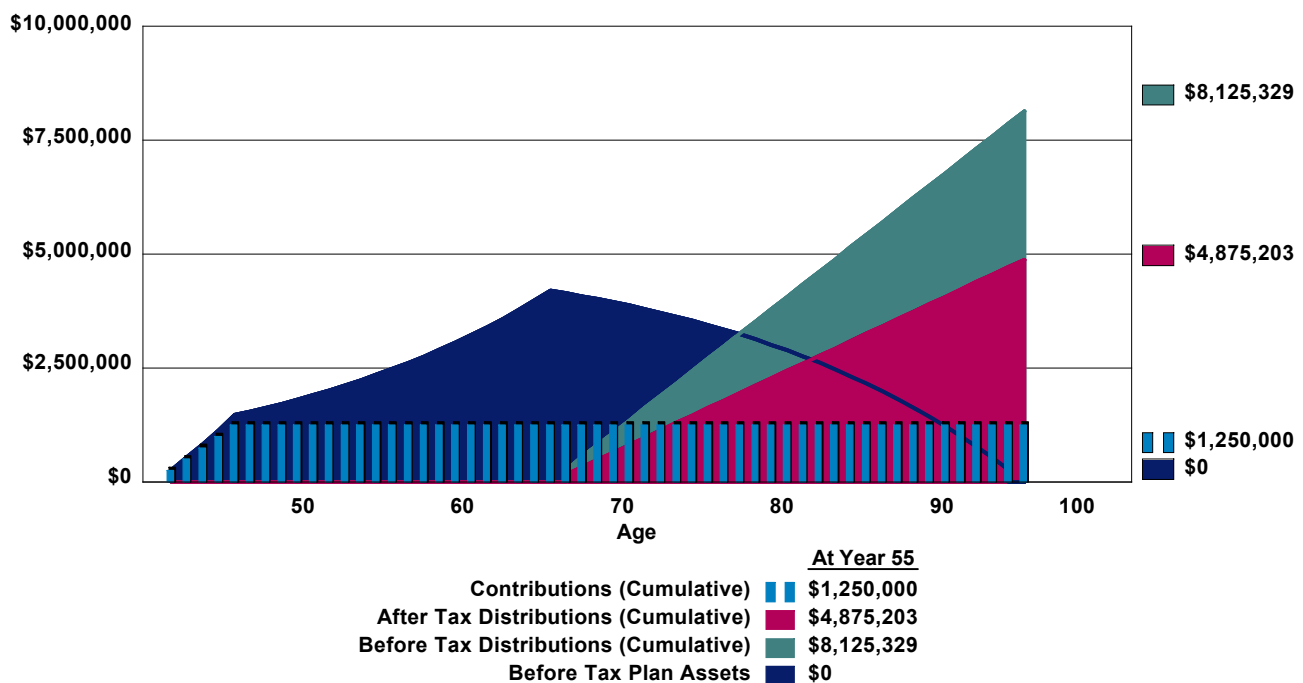
commence after 70½, a 50% penalty tax is assessed on the minimum amount that should have been distributed.

### Required Minimum Distributions

Plan values divided by certain life expectancy factors establishes a minimum which must be distributed each calendar year. Life expectancy is based on either the age of the participant or the joint ages of the participant and a beneficiary. The participant may take more than the minimum at any time.

The required minimum distribution (RMD) is calculated using the Uniform Lifetime table. An exception is allowed if the beneficiary is the spouse and is more than ten years younger than the client. In these cases, the client can elect to use the actual joint table, which results in lower RMDs than the Uniform Lifetime table.

If a participant is willing to endure the many rules, regulations and potential penalties, these plans can be irresistible as a result of the dynamic combination of funding deductions and tax sheltered asset growth. The accompanying material should be helpful to you in analyzing your use of such a plan.



Note: All projections are based on client furnished data and assumptions.

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## Pre-Retirement Accumulation

		Initial Plan Assets 0	Plan Yield 7.00%		
		(1) Beginning of Year Balance in Plan Assets	(2) Annual Contribution by Employer	(3) Beginning of Year Total Plan Assets	(4) Year End Plan Assets
Pre- Retirement Year	Age				
1	40	0	250,000	250,000	263,488
2	41	263,488	250,000	513,488	541,191
3	42	541,191	250,000	791,191	833,875
4	43	833,875	250,000	1,083,875	1,142,350
5	44	1,142,350	250,000	1,392,350	1,467,468
6	45	1,467,468	0	1,467,468	1,546,638
7	46	1,546,638	0	1,546,638	1,630,079
8	47	1,630,079	0	1,630,079	1,718,022
9	48	1,718,022	0	1,718,022	1,810,710
10	49	1,810,710	0	1,810,710	1,908,398
11	50	1,908,398	0	1,908,398	2,011,356
12	51	2,011,356	0	2,011,356	2,119,869
13	52	2,119,869	0	2,119,869	2,234,236
14	53	2,234,236	0	2,234,236	2,354,774
15	54	2,354,774	0	2,354,774	2,481,814
16	55	2,481,814	0	2,481,814	2,615,708
17	56	2,615,708	0	2,615,708	2,756,826
18	57	2,756,826	0	2,756,826	2,905,557
19	58	2,905,557	0	2,905,557	3,062,312
20	59	3,062,312	0	3,062,312	3,227,524
21	60	3,227,524	0	3,227,524	3,401,649
22	61	3,401,649	0	3,401,649	3,585,168
23	62	3,585,168	0	3,585,168	3,778,588
24	63	3,778,588	0	3,778,588	3,982,443
25	64	3,982,443	0	3,982,443	4,197,296

1,250,000

Management fees reflected in column (4): 1.50%

Plan results are hypothetical only. Actual results will vary due to changes in contributions and withdrawals, income tax brackets, and investment performance.

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## Retirement Distribution

		Plan Yield 7.00%	Retirement Income Tax Bracket 40.00%			
Retirement Year	Age	(1) Beginning of Year Balance in Plan Assets	(2) Before Tax IRS Required Minimum Distribution*	(3) Before Tax Scheduled Distribution	(4) After Tax Income from Scheduled Distribution	(5) Year End Plan Assets
1	65	4,197,296	0	270,843	162,506	4,138,285
2	66	4,138,285	0	270,843	162,506	4,076,090
3	67	4,076,090	0	270,843	162,506	4,010,540
4	68	4,010,540	0	270,843	162,506	3,941,453
5	69	3,941,453	0	270,843	162,506	3,868,639
6	70	3,868,639	141,191	270,843	162,506	3,791,897
7	71	3,791,897	143,090	270,843	162,506	3,711,014
8	72	3,711,014	144,961	270,843	162,506	3,625,768
9	73	3,625,768	146,792	270,843	162,506	3,535,923
10	74	3,535,923	148,568	270,843	162,506	3,441,231
11	75	3,441,231	150,272	270,843	162,506	3,341,430
12	76	3,341,430	151,883	270,843	162,506	3,236,245
13	77	3,236,245	152,653	270,843	162,506	3,125,385
14	78	3,125,385	153,960	270,843	162,506	3,008,544
15	79	3,008,544	154,284	270,843	162,506	2,885,399
16	80	2,885,399	154,299	270,843	162,506	2,755,611
17	81	2,755,611	153,945	270,843	162,506	2,618,821
18	82	2,618,821	153,147	270,843	162,506	2,474,651
19	83	2,474,651	151,819	270,843	162,506	2,322,703
20	84	2,322,703	149,852	270,843	162,506	2,162,558
21	85	2,162,558	146,119	270,843	162,506	1,993,773
22	86	1,993,773	141,402	270,843	162,506	1,815,881
23	87	1,815,881	135,514	270,843	162,506	1,628,393
24	88	1,628,393	128,220	270,843	162,506	1,430,789
25	89	1,430,789	119,232	270,843	162,506	1,222,525
26	90	1,222,525	107,239	270,843	162,506	1,003,025
27	91	1,003,025	92,873	270,843	162,506	771,683
28	92	771,683	75,655	270,843	162,506	527,860
29	93	527,860	54,985	270,843	162,506	270,882
30	94	270,882	29,767	270,882	162,529	0
			3,281,722	8,125,329	4,875,203	

Management fees reflected in column (5): 1.50%

\*Column (2) projects an estimate of the required minimum distribution based on the Uniform Lifetime table life expectancy factors, recalculated each year based on asset value and client age.

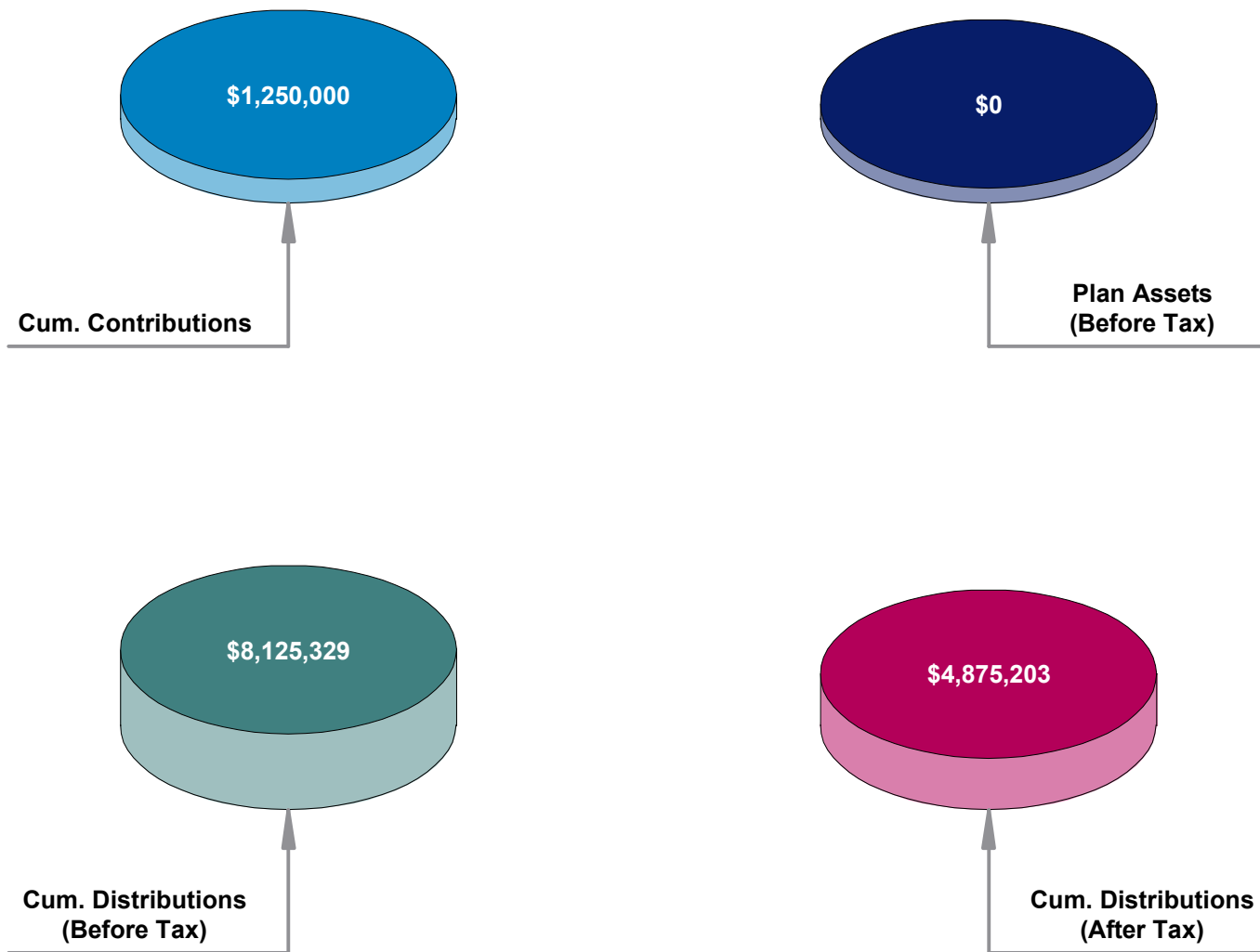
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## A Look at Age 94



Note: All projections are based on client furnished data and assumptions.

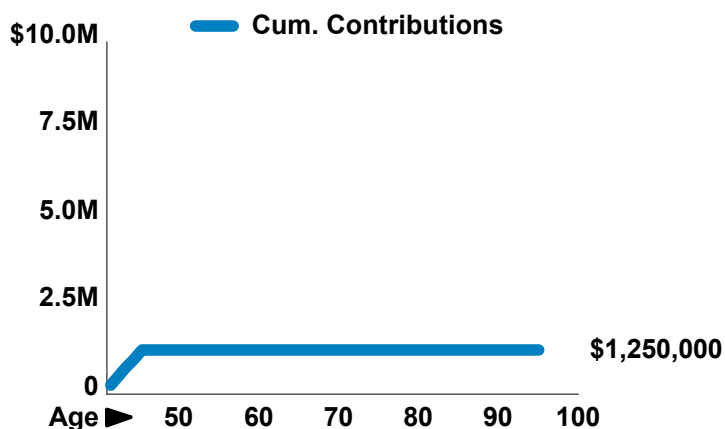
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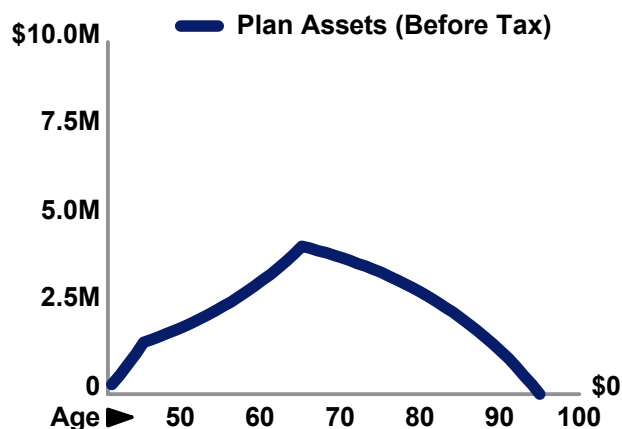
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## Accumulation and Distribution

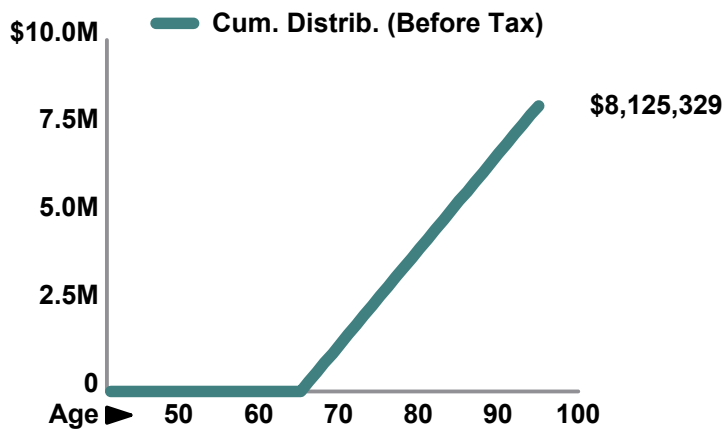
Cumulative Contributions



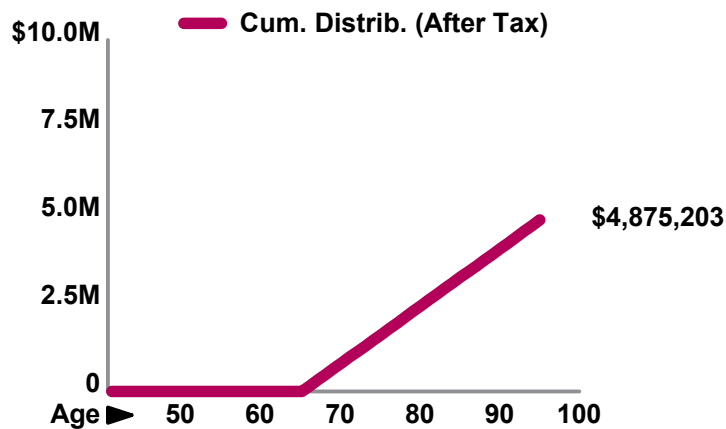
Plan Assets (Before Tax)



Cumulative Distributions (Before Tax)



Cumulative Distributions (After Tax)



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