

**Drs. Medical & Surgical Corporation
RETIREMENT PLAN & WBP
CONTRIBUTION ESTIMATES**

Preliminary Proposal Work-up

Prepared for:
WPI Member

I. IRC §412(e)(3) Defined Benefit Pension

Assumptions:

NRA=55, 50% Average Monthly Compensation (AMC) as Projected Monthly Benefit (PMB); Pre-retirement Death Benefit (Split Funded) = 100X monthly

<u>PARTICIPANT</u>	<u>AA</u>	<u>AMC</u>	<u>PMB</u>	
Dr. Incharge	49	14,583	7,592	
Employee A	49	2,667	1,333	
Employee B	41	2,917	1,458	
<u>PENSION CONTRIBUTION</u> – Annuity Only				\$279,994
<u>PENSION CONTRIBUTION</u> – Split Funded				\$363,992

II. SAFE HARBOR 401(K)

<u>PARTICIPANT</u>	<u>6%</u>	<u>(k)</u>	
Dr. Incharge	10,500	15,500	
Employee A	1,920	0	
Employee B	2,100	0	
<u>401(k) P/S CONTRIBUTION</u>			\$ 30,020

Retirement Planning Notes:

1. Dr. Incharge's Pension Benefit is based on \$175,000 of annual compensation; pension contribution will increase approximately \$50,000 to \$60,000 at \$225,000 plus.
2. Dr. Incharge's Profit Sharing Contribution will increase by \$3,000 at \$225,000.
3. Adding Spouse (AA 40) with comp set at \$225,000 will add an estimated \$80,000 to \$100,000 to the Pension Contribution and \$29,000 to the 401(k) P/S.

III. WELFARE BENEFIT PLAN - IRC §419(e)

PARTICIPANT	Life (5%)	Disability (2%)	LTC (3%)	TOTALS
Dr. Incharge	60,000	24,000	36,000	120,000
Spouse	<u>11,250</u>	<u>4,500</u>	<u>6,750</u>	<u>22,500</u>
Sub-total	71,250	28,500	42,750	142,500
Employee A	1,600	640	960	3,200
Employee B	<u>1,750</u>	<u>700</u>	<u>1,050</u>	<u>3,500</u>
Sub-total	3,350	1,340	2,010	6,700
<u>WBP CONTRIBUTION</u>				149,200

WBP Planning Notes:

1. A 10% Defined Contribution WBP is illustrated, with random allocations based on experiential data; the actual benefit provided would be determined by the insurer, underwriting specifications and policy type; a defined benefit and/or any actual qualified direct costs including actual premiums for benefits provided could be utilized alternatively.
2. The inclusion of Dr. Incharge's spouse presumes her employment at \$225,000 annually. Dr. Incharge's contribution is based on \$1.2 million in total annual compensation.
3. No post-retirement fund is illustrated. An additional \$50,000 per year could be contributed for the Incharge account if this benefit were elected.
4. Staff participation is not required for pre-retirement benefits in an IRC §419(e) Plan; it is required, if a VEBA is utilized or if any post-retirement benefit is provided.
5. Staff participation is illustrated above for informational purposes and to present the most conservative WBP planning option.

CONTRIBUTION ANALYSIS

	CONTRIBUTION	Drs. Incharge	Others
Allocated Plans:			
401(k) Profit Sharing	62,020	58,000 (93.5%)	4,020 (6.5%)
Welfare Benefit	149,200	142,500 (95.5%)	6,700 (4.5%)
Unallocated Plans:			
Defined Benefit Pension	389,994		
Benefit Cost Others @ 6%		-----	32,000 (8.2%)
Tax Savings Others*			(23,600)
Net A/T Cost Others			8,400
Contribution Balance		357,994 (91.8%)	
TOTALS	601,214	558,494 (92.9%)	42,720 (7.1%)

* Benefits/Contributions are actuarially calculated at guaranteed rates; @3% the Benefit Cost for Others and the corresponding tax deductible company pension contribution is \$59,000; the actual cost of benefits, however, depends on the plans actual investment performance. Pensions are unallocated funds, as such; any assets not used for Others remain available to buy benefits for Dr. Incharge or to offset other future plan costs/liabilities.