

ABC
Company
(your logo here)

A Combination Cash Balance Proposal For

Sample Corporation

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Understanding Cash Balance Plans

What is a Cash Balance Plan?

A Cash Balance Plan is a Defined Benefit Plan that looks like a Money Purchase Plan.

Like a Money Purchase Plan, fixed contributions are credited to each participant at the end of each year.

In addition, participants receive interest credits based on the interest rate defined in the plan. The credit is a fixed rate specified in the plan. Increases or decreases in the value of the plan's investments do not directly affect the benefits promised to the participants. The investment risks and rewards are borne solely by the employer.

The plan maintains a hypothetical account balance for each participant. When the participant retires, his benefit is the value of the hypothetical account. This lump sum value can be converted to a monthly pension at retirement.

A Cash Balance plan is a Hybrid Plan. It appears to participants as a Defined Contribution Plan but is treated under the Internal Revenue Code as a Defined Benefit Plan. Participant statements look like a Defined Contribution Statement. It includes:

- Beginning Balance
- Contribution Credits
- Interest Credits
- Ending Balance

Can a Cash Balance Plan be combined with a 401(k) Profit Sharing Plan?

To produce larger contributions, especially for Principals and Owners, Cash Balance Plans are usually combined with 401(k)/Profit Sharing Plans. The 401(k) and Profit Sharing component can also provide flexibility in the combined plan.

How are investments in a Cash Balance plan managed?

Assets in the plan are not allocated to participants. Participants cannot direct the investments. The pooled fund is invested by the Trustees and Investment Advisers.

Gains (losses) from investments reduce (Increase) the Plan Sponsor's contribution.

Since interest credit guarantees cannot exceed market rate of return, assets may be invested conservatively.

What are the other features of the Cash Balance Plan?

When a participant becomes entitled to receive benefits under a cash balance plan, the benefits are defined in terms of an account balance. For example, assume that a participant has an account balance of \$100,000 when he reaches age 62. If the participant decides to retire at that time, he would have the right to an annuity based on his account balance. Such an annuity might be approximately \$10,000 per year for life. In many cash balance plans, however, the participant could instead choose (with consent from his spouse) to take a lump sum benefit equal to the \$100,000 account balance.

In addition to generally permitting participants to take their benefits as lump sum benefit at retirement, cash balance plans often permit vested participants to choose (with consent from their spouses) to receive their accrued benefits in lump sums if they terminate employment prior to retirement age. Traditional defined benefit pension plans do not offer this feature as frequently.

If a participant receives a lump sum distribution, that distribution generally can be rolled over into an Individual Retirement Account (IRA) or to another employer's plan if that plan accepts rollovers. This makes Cash Balance plans portable, therefore appealing to participants.

PLAN PROVISIONS
SAMPLE CORPORATION
A Combination 401(k)/ Profit Sharing/ Cash Balance Plan
For the Plan Year 01/01/2016 - 12/31/2016

DATES	Effective - 1/1/2016 Valuation - 12/31/2016 Eligibility - 1/1/2016																
ELIGIBILITY	Minimum Age: 21 Minimum Service: 12 Months Plan Entry: Semi-Annual																
NORMAL RETIREMENT AGE	First of Month coincident with or following attainment of age 65 and completion of 5 years of participation.																
RETIREMENT BENEFIT	Accumulation of Cash Balance + 401(k) + Profit Sharing Account																
CASH BALANCE - Interest Credit	5.00% per year																
- Pay Credit	Made at the End of the plan year																
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Class</th> <th style="text-align: left;">Percentage</th> <th style="text-align: left;">Amount</th> <th style="text-align: left;">Description</th> </tr> </thead> <tbody> <tr> <td>A</td> <td>Maximum 415</td> <td></td> <td>Owner HCEs</td> </tr> <tr> <td>B</td> <td>2.00%</td> <td></td> <td>Non HCEs</td> </tr> <tr> <td>C</td> <td>5.00%</td> <td></td> <td>Non-Owner HCEs</td> </tr> </tbody> </table>	Class	Percentage	Amount	Description	A	Maximum 415		Owner HCEs	B	2.00%		Non HCEs	C	5.00%		Non-Owner HCEs
Class	Percentage	Amount	Description														
A	Maximum 415		Owner HCEs														
B	2.00%		Non HCEs														
C	5.00%		Non-Owner HCEs														
Vesting Schedule	<table border="0" style="width: 100%;"> <tr> <td style="text-align: center;">Year</td> <td style="text-align: center;">1</td> <td style="text-align: center;">2</td> <td style="text-align: center;">3</td> </tr> <tr> <td style="text-align: center;">Vesting %</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> <td style="text-align: center;">100</td> </tr> </table>	Year	1	2	3	Vesting %	0	0	100								
Year	1	2	3														
Vesting %	0	0	100														
MAXIMUM 401(a)(17) COMPENSATION	\$ 265,000.00																
415 Dollar Limit	\$ 17,500.00 per month																
NORMAL FORM	Life Annuity																
ACTUARIAL EQUIVALENCE	PRE-RETIREMENT : Interest Rate - 5.00% per year Mortality Table - None POST-RETIREMENT : Interest Rate - 5.00% per year Mortality Table - 1994 Group Annuity Reserving Unisex Proj to 2002																
TESTING ASSUMPTION	PRE-RETIREMENT : Interest Rate - 8.50% per year POST-RETIREMENT : Mortality Table - 1984 Unisex Interest Rate - 8.50% per year																
TESTING AGE	65																

EMPLOYEE CENSUS LISTING REPORT
SAMPLE CORPORATION
For the Plan Year 01/01/2016 - 12/31/2016

P	O	H	Last Name	First Name	Birth Date	Hire Date	Part Date	AA	RA	Sex	Considered Earnings	% Owned	Status
*	*	*	EMPLOYEE	OWNER	01/01/1958	01/01/2010	01/01/2016	59	65	M	265,000	100	Active
*		*	SPOUSE	OWNER	01/01/1960	01/01/2010	01/01/2016	57	65	F	30,000	0	Active
			EMPLOYEE	FIRST	01/01/1990	01/01/2014	01/01/2016	27	65	M	52,000	0	Active
			EMPLOYEE	SECOND	01/01/1982	01/01/2014	01/01/2016	35	65	F	63,000	0	Active
			EMPLOYEE	THIRD	01/01/1975	01/01/2014	01/01/2016	42	65	M	81,000	0	Active

	PERSONS	EARNINGS
ACTIVE	5	491,000
INELIGIBLE	0	0
TOTAL		491,000
CONSIDERED EARNINGS		491,000

Legend: P- Principal, O- Owner, H- Highly Compensated Employee

SAMPLE CORPORATION
A Combination 401(k)/ Profit Sharing/ Cash Balance Plan
For the Plan Year 01/01/2016 - 12/31/2016
CONTRIBUTION REPORT - DETAIL

P	O	H	Class	Last Name	First Name	AA	RA	Considered Earnings	Cash Balance		401(k) Deferral	Safe Harbor	Profit Sharing		Total Contribution				
									Amount	%			Amount	%	Amount	%	Employer Cost	%	% of Total
*	*	*	A	EMPLOYEE	OWNER	59	65	265,000	225,300	85.0	24,000	7,950	27,050	10.2	284,300	107.3	284,300	107.3	93.2
*	*		C	SPOUSE	OWNER	57	65	30,000	1,500	5.0	24,000	900	600	2.0	27,000	90.0	3,000	10.0	1.0
			B	EMPLOYEE	FIRST	27	65	52,000	1,040	2.0	1,040	1,560	2,075	4.0	5,715	11.0	4,675	9.0	1.5
			B	EMPLOYEE	SECOND	35	65	63,000	1,260	2.0	1,260	1,890	2,514	4.0	6,924	11.0	5,664	9.0	1.9
			B	EMPLOYEE	THIRD	42	65	81,000	1,620	2.0	1,620	2,430	3,232	4.0	8,902	11.0	7,282	9.0	2.4

Legend: P- Principal, O- Owner, H- Highly Compensated Employee

CONTRIBUTION REPORT - SUMMARY

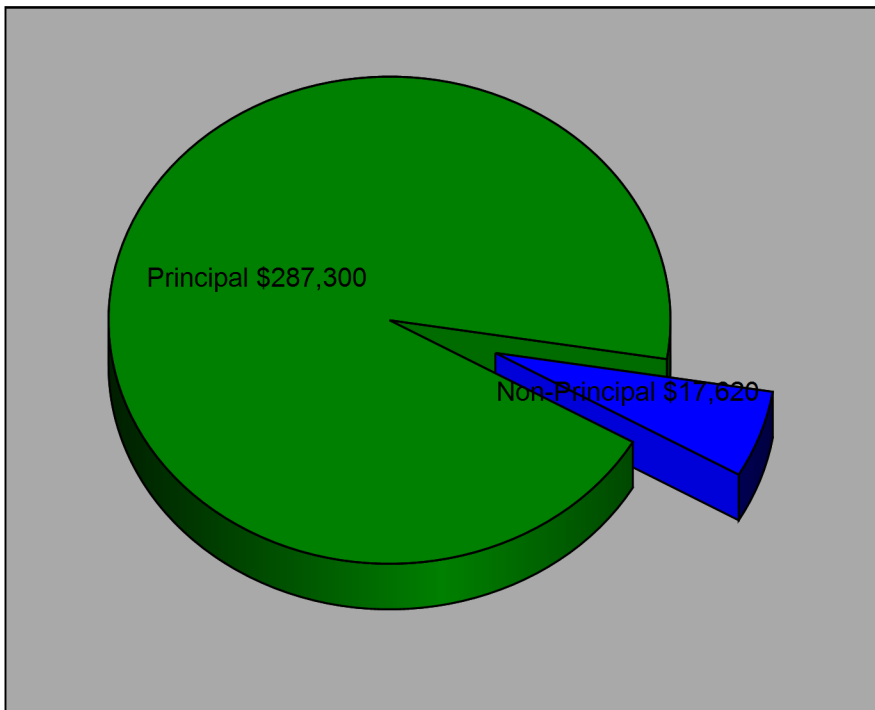
	Considered Earnings	Cash Balance		401(k) Deferral	Safe Harbor	Profit Sharing		Total Contribution				
		Amount	%			Amount	%	Amount	%	Employer Cost	%	% of Total
Principals	295,000	226,800	76.9	48,000	8,850	27,650	9.4	311,300	105.5	287,300	97.4	94.2
Non-Principals	196,000	3,920	2.0	3,920	5,880	7,820	4.0	21,540	11.0	17,620	9.0	5.8
Grand Total	491,000	230,720	47.0	51,920	14,730	35,470	7.2	332,841	67.8	304,921	62.1	100.0

SAMPLE CORPORATION
A Combination 401(k)/ Profit Sharing/ Cash Balance Plan
For the Plan Year 01/01/2016 - 12/31/2016
CONTRIBUTION SUMMARY REPORT (CHART)

Principal	Principal (%)	Non-Principal	Non-Principal (%)
287,300	94.22	17,620	5.78

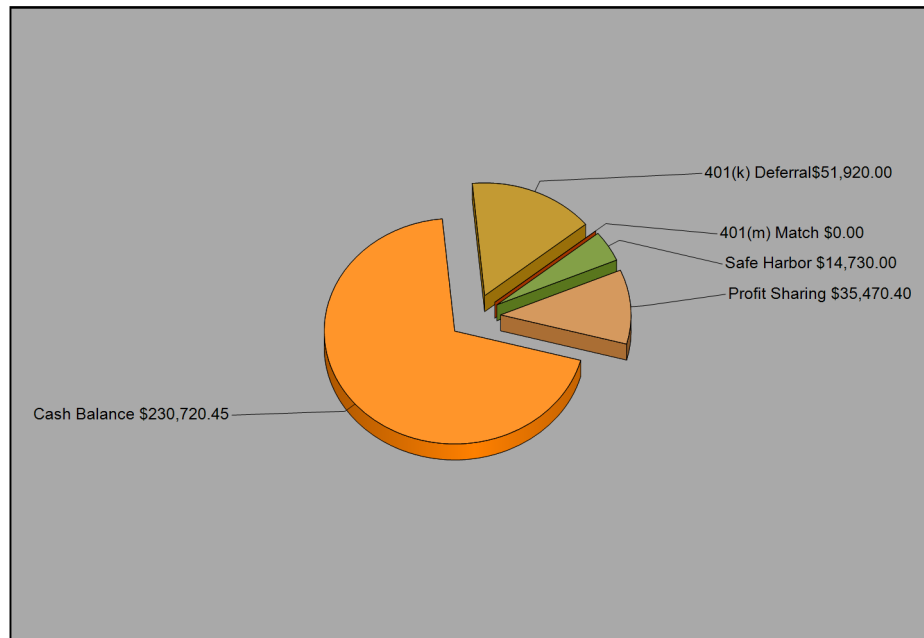
Cash Balance	401(k) Deferral	401(m) Match	Safe Harbor	Profit Sharing
230,720.45	51,920.00	0.00	14,730.00	35,470.40

Principal / Non-Principal Source



■ * - Principal
■ - Non-Principal

Contribution Source



■ Total - Cash Balance
■ Total - 401(k) Deferral
■ Total - 401(m) Match
■ Total - Safe Harbor
■ Total - Profit Sharing

SAMPLE CORPORATION
A Combination 401(k)/ Profit Sharing/ Cash Balance Plan
For the Plan Year 01/01/2016 - 12/31/2016
CASH BALANCE TAX SUMMARY REPORT

Assumed Tax Brackets	15%	34%
Employer Contribution	280,921	280,921
Estimated Tax Savings	42,138	95,513
Net Cost After Estimated Tax Savings	238,783	185,408
Contribution For Principals	263,300	263,300
Principal Contribution As A Percentage Of Net Cost	110.27%	142.01%
Net Cost Of Plan (After Principal Contribution And Tax Savings)	-24,518	-77,893

TARGET NORMAL COST REPORT
SAMPLE CORPORATION
A Combination 401(k)/ Profit Sharing/ Cash Balance Plan
For the Plan Year 01/01/2016 - 12/31/2016

P O H	Employee Name	Class	Sex	AA	RA	Considered Earnings	Cash Balance		
							Amount	Accrued Benefit	Target Normal Cost
* * *	OWNER EMPLOYEE	A	M	59	65	265,000	225,300	1,750.00	175,494.00
* *	OWNER SPOUSE	C	F	57	65	30,000	1,500	15.66	1,400.04
	FIRST EMPLOYEE	B	M	27	65	52,000	1,040	46.92	575.03
	SECOND EMPLOYEE	B	F	35	65	63,000	1,260	38.48	789.32
	THIRD EMPLOYEE	B	M	42	65	81,000	1,620	35.16	1,131.87
TOTALS						491,000.00	230,720.45	1,886.22	179,390.26

MINIMUM PARTICIPATION TEST REPORT

SAMPLE CORPORATION

For the Plan Year 01/01/2016 - 12/31/2016

A Combination 401(k)/ Profit Sharing/ Cash Balance Plan

Seq. No.	Name	AA	RA	Considered Earnings	Cash Balance	Accrued Benefit	Accrual Rate (%)
1	OWNER EMPLOYEE	59	65	265,000	225,300	2,133.29	9.6602
2	FIRST EMPLOYEE	27	65	52,000	1,040	46.92	1.0828
3	SECOND EMPLOYEE	35	65	63,000	1,260	38.48	0.7329
4	OWNER SPOUSE	57	65	30,000	1,500	15.66	0.6263
5	THIRD EMPLOYEE	42	65	81,000	1,620	35.16	0.5209
TOTALS				491,000	230,720		

Plan Passes Minimum Participation Test

- | | |
|---|---|
| 1. Total Non-excludable employees: | 5 |
| 2. 40% of Total Non-excludable employees (minimum of 2) must benefit (not to exceed 50) | 2 |
| 3. Total Benefiting (those with Accrual Rates greater than or equal to 0.5%) | 5 |

**AVERAGE BENEFIT PERCENTAGE TEST
SAMPLE CORPORATION
A Combination 401(k)/ Profit Sharing/ Cash Balance Plan
Valuation Date - End of Year 01/01/2016 - 12/31/2016**

Last Name	First Name	AA	RA	FS	Considered Earnings	401(k) + 3%SH	Profit Sharing	Accum Factor	APR	Equiv. Benefit	Cash Bal. Accr Ben	Aggreg. DB/DC	EBAR
NON-HIGHLY COMPENSATED EMPLOYEES													
EMPLOYEE	THIRD	42	65	23	81,000	4,050	3,232	6.5296	95.3851	498.48	35.16	533.64	7.91%
EMPLOYEE	SECOND	35	65	30	63,000	3,150	2,514	11.5583	95.3851	686.30	38.48	724.77	13.81%
EMPLOYEE	FIRST	27	65	38	52,000	2,600	2,075	22.1988	95.3851	1,087.96	46.92	1,134.88	26.19%
TOTAL												47.91%	
A. AVERAGE												15.97%	
HIGHLY COMPENSATED EMPLOYEES													
EMPLOYEE	OWNER	59	65	6	265,000	25,950	27,050	1.6315	95.3851	906.51	2,133.28	3,039.79	13.77%
SPOUSE	OWNER	57	65	8	30,000	18,900	600	1.9206	95.3851	392.64	15.66	408.30	16.33%
TOTAL												30.10%	
B. AVERAGE												15.05%	

106.11%

(A) / (B) X 100 AVERAGE BENEFIT PERCENTAGE TEST

At least 70%. Therefore Average Benefit Percentage Test Passed.

**MINIMUM ALLOCATION GATEWAY
SAMPLE CORPORATION
A Combination 401(k)/ Profit Sharing/ Cash Balance Plan
For the Plan Year 01/01/2016 - 12/31/2016**

P O H	Emp Name	AA	RA	Considered Earnings	Cash Balance					Profit Sharing				Aggregate				
					Amount	%	Accrued Benefit	Equivalent Allocation	EBAR	3% Safe Harbor	Amount	Total	EBAR	Equiv. Allocation	EBAR			
HIGHLY COMPENSATED EMPLOYEES																		
*	*	*		OWNER EMPLOYEE	59	65	265,000	225,300	85.0	2,133.28	124,724	47.07%	7,950	27,050	35,000	13.21%	159,724	60.27%
*	*			OWNER SPOUSE	57	65	30,000	1,500	5.0	15.66	778	2.59%	900	600	1,500	5.00%	2,278	7.59%
Highest HCE DB/DC Aggregate Allocation Rate																	60.27%	
Minimum NHCE DB/DC Allocation Rate																	7.50%	
NON-HIGHLY COMPENSATED EMPLOYEES																		
				FIRST EMPLOYEE	27	65	52,000	1,040	2.0	46.92	202	0.39%	1,560	2,075	3,635	6.99%	3,836	7.50%
				SECOND EMPLOYEE	35	65	63,000	1,260	2.0	38.48	318	0.50%	1,890	2,514	4,404	6.99%	4,721	7.50%
				THIRD EMPLOYEE	42	65	81,000	1,620	2.0	35.16	514	0.63%	2,430	3,232	5,662	6.99%	6,175	7.50%
Average NHCE DB Equivalent Allocation Rate												0.51%	Lowest NHCE DB/DC Allocation Rate				7.50%	

The minimum allocation Gateway Passed

Legend: P- Principal, O- Owner, H- Highly Compensated Employee

* Non-benefiting are not subject to minimum gateway.

NORMAL ACCRUAL RATE FOR RATE GROUP TESTING
SAMPLE CORPORATION
A Combination 401(k)/ Profit Sharing/ Cash Balance Plan
For the Plan Year 01/01/2016 - 12/31/2016

P	O	H	Class	Name	AA	RA	Considered Earnings	Cash Balance			Profit Sharing		Aggregate		
								Amount	Accrued Benefit	3% Safe Harbor	Amount	Total	Equiv Accrual	Accrual	EBAR
NON-HIGHLY COMPENSATED EMPLOYEES															
			B	FIRST EMPLOYEE	27	65	52,000	1,040	46.92	1,560	2,075	3,635	845.92	892.84	20.60
			B	SECOND EMPLOYEE	35	65	63,000	1,260	38.48	1,890	2,514	4,404	533.62	572.09	10.90
			B	THIRD EMPLOYEE	42	65	81,000	1,620	35.16	2,430	3,232	5,662	387.58	422.74	6.26
HIGHLY COMPENSATED EMPLOYEES															
*	*	*	A	OWNER EMPLOYEE	59	65	265,000	225,300	2,133.28	7,950	27,050	35,000	598.64	2,731.92	12.37
*		*	C	OWNER SPOUSE	57	65	30,000	1,500	15.66	900	600	1,500	30.20	45.86	1.83

**MOST VALUABLE ACCRUAL RATE FOR RATE GROUP TESTING
SAMPLE CORPORATION
A Combination 401(k)/ Profit Sharing/ Cash Balance Plan
For the Plan Year 01/01/2016 - 12/31/2016**

					CASH BALANCE								PROFIT SHARING			AGGREGATE					
P	O	H	Class	Name	AA	RA	Earnings	Accrued Benefit	APR @RA	Present Value	Plan J&S	401a4 J&S	Lump Sum @TA	APR @TA	Norm. Accr.	3% Safe Harbor	Amount	Total	Norm. Accr.	Aggr. Accr.	EBAR
HIGHLY COMPENSATED EMPLOYEES																					
*	*	*	A	OWNER EMPLOYEE	59	65	265,000	2,133.28	141.53	225,300	173.84	116.07	245,412	95.39	2,572.85	7,950	27,050	35,000	598.64	3,171.49	14.36%
*	*		C	OWNER SPOUSE	57	65	30,000	15.66	141.53	1,500	179.71	119.34	1,913	95.39	20.06	900	600	1,500	30.20	50.26	2.01%
NON-HIGHLY COMPENSATED EMPLOYEES																					
	B			FIRST EMPLOYEE	27	65	52,000	46.92	141.53	1,040	229.21	143.47	14,451	95.39	151.50	1,560	2,075	3,635	845.92	997.43	23.02%
	B			SECOND EMPLOYEE	35	65	63,000	38.48	141.53	1,260	221.64	140.55	9,235	95.39	96.82	1,890	2,514	4,404	533.62	630.44	12.01%
	B			THIRD EMPLOYEE	42	65	81,000	35.16	141.53	1,620	212.28	136.31	6,792	95.39	71.21	2,430	3,232	5,662	387.58	458.79	6.80%

RATE GROUP TEST REPORT
SAMPLE CORPORATION
A Combination 401(k)/ Profit Sharing/ Cash Balance Plan
Non Discrimination Test Result

Rate Group Test Passed.

Average Benefit Percentage Test	Pass
NHCE Concentration Percentage	60.00
Safe Harbor Percentage	50.00
UnSafe Percentage	40.00
Mid-Point Percentage	45.00
Total NHCEs in Plan	3
Total HCEs in Plan	2

HCE	Emp Name	Age	Earnings	EBAR		Rate Group	NHCEs		HCEs		NHCEs/HCEs	
				Normal	MVAL		Ratio	%	Ratio	%	Ratio	Result
	FIRST EMPLOYEE	27	52,000	20.60	23.02							
*	OWNER EMPLOYEE	59	265,000	12.37	14.36	1	1/3	33.33	1/2	50.00	66.67	Pass
	SECOND EMPLOYEE	35	63,000	10.90	12.01							
	THIRD EMPLOYEE	42	81,000	6.26	6.80							
*	OWNER SPOUSE	57	30,000	1.83	2.01	2	3/3	100.00	2/2	100.00	100.00	Pass

**MAXIMUM CASH BALANCE CONTRIBUTION
SAMPLE CORPORATION
A Combination 401(k)/ Profit Sharing/ Cash Balance Plan
For the Plan Year 01/01/2016 - 12/31/2016**

P	O	H	Participant	AA	Considered	415	Maximum	
					Earnings	Monthly	Contribution	
					Limit	Amount	%	
*	*	*	OWNER EMPLOYEE	59	265,000	1,416.89	225,300	85.02%
			FIRST EMPLOYEE	27	52,000	214.26	45,168	86.86%
			SECOND EMPLOYEE	35	63,000	329.50	67,237	106.73%
			THIRD EMPLOYEE	42	81,000	488.13	95,513	117.92%
*	*		OWNER SPOUSE	57	30,000	1,236.19	203,600	678.67%

NON-DISCRIMINATION TESTING RESULT

SAMPLE CORPORATION

A Combination 401(k)/ Profit Sharing/ Cash Balance Plan

Valuation Date - End of Year 01/01/2016 - 12/31/2016

- ✓ Minimum Participation (401(a)(26)) Pass
- ✓ Average Benefit Percentage Test (410(b)-5(a)) Pass
- ✓ Minimum Allocation Gateway Pass
- ✓ Rate Group Test (401(a)(4)) Pass

** Plan is PBGC Covered. The Combined Plan Limit ((404)(a)(7)) test is not applicable.*

Combined Plan Limit ((404)(a)(7)) N/A

1. DC Plan Employer Contribution 10.22411%
2. Total Employer Contribution 57.21402%

PROJECTION SUMMARY REPORT
SAMPLE CORPORATION
For the Plan Year 01/01/2016 - 12/31/2016

P	O	H	Class	Last Name	First Name	AA	RA	Considered Earnings	Annual Cash Balance Contribution	Annual Defined Contribution	Lump Sum at NRA			
											Cash Balance	Defined Contribution	Combined Total	
*	*	*	A	EMPLOYEE	OWNER	59	65	265,000	225,300	59,000	1,834,393	*	480,378	2,314,771
*	*		C	SPOUSE	OWNER	57	65	30,000	1,500	25,500	16,540		281,178	297,718
			B	EMPLOYEE	FIRST	27	65	52,000	1,040	4,675	118,659		533,394	652,053
			B	EMPLOYEE	SECOND	35	65	63,000	1,260	5,664	89,159		400,789	489,948
			B	EMPLOYEE	THIRD	42	65	81,000	1,620	7,282	72,093		324,064	396,157

Legend: P- Principal, O- Owner, H- Highly Compensated Employee

* Will exceed 415 limit if contribution continues to NRA. See below for a reduced contribution option or view the Individual Projection Report for more details.

REDUCED CONTRIBUTION OPTIONS

Last Name	First Name	AA	RA	Considered Earnings	Annual Cash Balance Contribution	Cash Balance Lump Sum	415 Maximum Lump Sum	Reduced Cash Balance Contribution *
EMPLOYEE	OWNER	59	65	265,000	225,300	1,834,393	1,715,245	210,666