



DCDB Combination Plans

A **Defined Contribution/Defined Benefit Combination Plan** or **DCDB Combo Plan** allows the plan sponsor to offer a two-tiered approach to saving for retirement. In a DCDB Combo Plan design a retirement benefit level is established in the defined benefit plan based on age, service and/or compensation. This benefit is then coordinated or offset with an employer contribution into the defined contribution plan (401k/profit sharing plan).

This plan design can produce dramatic tax savings for the employer and allow the business owner and/or key employees to receive significant retirement benefits. This design also offers affordable staff funding costs for even large employers.

ARE YOU A CANDIDATE FOR A DCDB COMBO PLAN?

- ✓ Desire substantial tax savings
- ✓ Need to rapidly grow retirement savings
- ✓ Desire to protect assets from creditors
- ✓ Owner looking to monetize the business or create a succession plan
- ✓ Desire an affordable staff funding level (even for large employers)

Work...Save...Play!

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DCDB Combo Plan Illustration

Employee Name	Plan Comp	HCE	Employee Deferral		Safe Harbor ¹ Non-Elective		Employer Profit Sharing		Defined Benefit Allocation		Employer Total		Total Contribution	
			\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Owner - Age 56	230,000	Y	20,500	8.91%	-	0.00%	-	0.00%	181,438	78.89%	181,438	78.89%	201,938	87.80%
Group A Totals	230,000		20,500		-		-		181,438		181,438		201,938	
Employee - Age 36	50,000		-	0.00%	1,500	3.00%	2,250	4.50%	-	0.00%	3,750	7.50%	3,750	7.50%
Employee - Age 36	83,000		-	0.00%	2,490	3.00%	3,735	4.50%	-	0.00%	6,225	7.50%	6,225	7.50%
Employee - Age 36	47,000		-	0.00%	1,410	3.00%	2,115	4.50%	-	0.00%	3,525	7.50%	3,525	7.50%
Employee - Age 36	35,000		-	0.00%	1,050	3.00%	1,575	4.50%	-	0.00%	2,625	7.50%	2,625	7.50%
Employee - Age 36	55,000		-	0.00%	1,650	3.00%	2,475	4.50%	-	0.00%	4,125	7.50%	4,125	7.50%
Employee - Age 36	75,000		-	0.00%	2,250	3.00%	3,375	4.50%	-	0.00%	5,625	7.50%	5,625	7.50%
Employee - Age 36	70,000		-	0.00%	2,100	3.00%	3,150	4.50%	-	0.00%	5,250	7.50%	5,250	7.50%
Employee - Age 36	27,000		-	0.00%	810	3.00%	1,215	4.50%	-	0.00%	2,025	7.50%	2,025	7.50%
Employee - Age 36	52,000		-	0.00%	1,560	3.00%	2,340	4.50%	-	0.00%	3,900	7.50%	3,900	7.50%
Group B Totals	494,000		-		14,820		22,230		-		37,050		37,050	
Company Totals	724,000		20,500		14,820		22,230		181,438		218,488		238,988	
Employer Contribution			218,488						Contributions to Owners		181,438	83.0%	201,938	84.5%
Est. Employer Tax Rate			35%						Contributions to Staff		37,050	17.0%	37,050	15.5%
Employer Tax Savings			76,471						Employer Deductible Limit					
Staff Contribution (Group B)			37,050						(1) Total Employer Contribution < 25% of Plan Compensation		218,488	<	181,000	FALSE
After Tax Cost of Staff Contribution			(39,421)						(2) Employer DC Contribution < 6% of Plan Compensation		37,050	<	43,440	TRUE

Assumptions:

Eligibility equals One Year of Service with Semi-Annual plan entry dates.
 Highly compensated employee (HCE) defined as greater than 5% owners, certain family members of greater than 5% owners and/or employees earning over \$105,000 in 2007.
 Changing employee demographics may effect actual results. Actuarial certification will be required, and may change the results.

Notes:

(1) Safe Harbor Non-Elective contribution equals 3% of plan compensation. Contribution must be made 100% vested at all times.

Safe Harbor allows maximum HCE deferrals. Group A receives enhanced retirement benefits.



InWest Retirement Solutions partners with employers and financial advisors to design, communicate and administer retirement savings plans. We pursue innovative solutions that help our clients promote corporate objectives, control costs and give employees needed retirement income security.

OUR SERVICES

Plan Design

We recognize that every employer's objective and financial capabilities are different. We offer customized plan design services to meet the unique needs of each employer. Whether the goal is maximizing benefits for owners and key employees or employee recruitment and retention, our plan architects can build a plan to meet your needs.

Plan Installation

Our clients receive turnkey plan installation services; including plan documents prepared by experienced ERISA consultants and hands-on coordination of existing plan conversions. Our dedicated plan installation team guides you every step of the way.

Plan Communication

The effective communication of your plan is key to its success. Our communication specialists create campaigns that explain benefits in simple terms and spark enthusiasm for the plan. InWest is recognized for our customized communication efforts that both empower and educate plan participants.

Plan Administration

Responsiveness. Accuracy. Full Service. These are some of the core qualities that define us as a company and make InWest a leader in retirement plan administration. Our experience team frees you from the tedium of day-to-day plan administration.

WE SPECIALIZE IN

Retirement Plans

Traditional 401(k) Plans
Safe-Harbor 401(k) Plans
New Comparability Profit Sharing Plans
457/403(b) Plans
Owner-Only Retirement Plans
Defined Benefit Plans
New Comparability Cash Balance Plans
Defined Contribution/Defined Benefit Combo Plans

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