

Class Allocation Profit Sharing Plan

In today's challenging economic climate, small business owners struggle to find ways to save for retirement without adding to the employer's burden of ever escalating employee benefit expense. While traditional qualified retirement plans offer the business owner tax savings, the cost to provide employees' benefits are sometimes prohibitive. That is until now!

A Class-Allocation plan from PenSys can boost the tax-efficient contributions and accelerate retirement benefit accumulations on behalf of the owners and certain key personnel, while at the same time, minimizing the benefit costs for employees.

Plan Operation

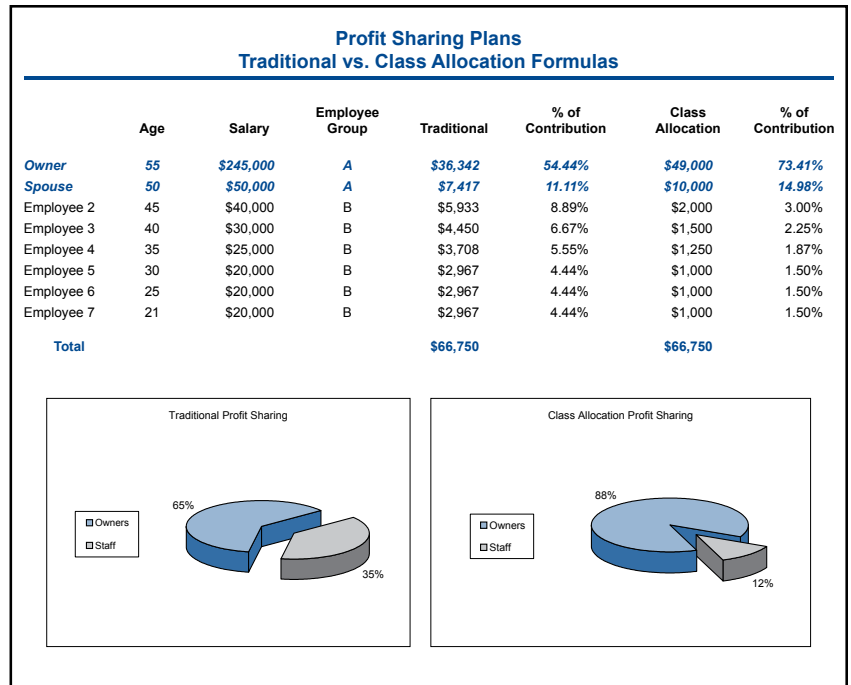
Class-Allocation plans group employees into different classes for purposes of determining the amount of employer contributions to be deposited on behalf of each employee. Contributions are determined separately for

each class, targeting owners and key employees (who are generally older than other employees), and then tested to ensure benefits for each class are comparable.

In the most advantageous situations the contributions can be \$49,000 per participant for the "targeted" class (owners, partners), while limiting the allocation to the other classes of employees to 5% of pay.

Who Should Consider a Class Allocation Plan?

- Business owners who are older than the majority of their employees, or partnerships that wish to treat partners individually, and would like to allocate a larger share of the employer contribution on their behalf, should research the benefit of the Class-Allocation Plan.
- Businesses wishing to allow employees to make pre-tax salary deferral contributions will want to consider a Class Allocation 401(k) Profit Sharing Plan, or the more advanced design of a Class Allocation Safe Harbor 401(k) Plan.





PenSys is a nationally recognized Third Party Administration and Recordkeeping firm specializing in the design, implementation, administration, and recordkeeping of all types of qualified retirement plans. PenSys has a team of experienced professionals working cohesively to deliver the highest quality services at competitive fees. More than 1,800 clients nationwide rely on PenSys for accuracy, timeliness, reliability, and stability. Our clients benefit from the ongoing support of a team of professionals consisting of:

- **Experienced Plan Design Consultants**
- **Dedicated Administrative Consultants**
- **Technical Support Team**
- **Daily Valuation Specialists**
- **In-house Actuary**
- **Software Design Specialists**

PenSys' flexible and innovative solutions ease the burden of sponsoring a qualified retirement plan for employers and their employees. Our retirement plan specialists possess the knowledge to address every plan's changing needs. We make sure your plan is implemented smoothly and that our staff is always available to provide support for the life of the plan.

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