

2006**FRYE FINANCIAL CENTER****Comparison Chart
Plan Type****SEP****401 (K) with safe
harbor provisions****401 (K)**

Employer characteristics	All taxable businesses, but appeals to small employers Government entities + Tax-exempts	All taxable businesses Tax-exempt organizations	All taxable businesses Tax-exempt organizations
Who MUST be covered	Any employee who has worked for three out of the past five years and is age 21 or older; can exclude certain employees	Any employee with 1,000 hours of service within one year and who is age 21 or older; can exclude certain employees	Any employee with 1,000 hours of service within one year and who is age 21 or older; can exclude certain employees
Maximum annual combined contribution that the employer may deduct	25% of employee's pay or \$44,000, whichever is less	25% of total eligible payroll (maximum eligible pay per employee is \$220,000) plus the amount of elective deferrals contributed	25% of total eligible payroll (maximum eligible pay per employee is \$220,000) plus the amount of elective deferrals contributed
Maximum annual contribution to employee's account	25% of employee's pay or \$44,000, whichever is less	100% of employee's total pay or \$44,000, whichever is less	100% of employee's total pay or \$44,000, whichever is less
Maximum annual employee deferral	No employee contributions allowed	Up to \$15,000; catch-up contribution of \$5,000 if 50 years of age or older	Up to \$15,000; catch-up contribution of \$5,000 if 50 years of age or older
Contribution allocation formulas	Nonintegrated allocation Integrated with Social Security	For non-safe harbor contributions, use the same formulas as 401 (k)s	Nonintegrated allocation Integrated with Social Security Cross-tested
Required employer contribution	None; a minimum allocation may be required if a contribution is made and plan is top-heavy	One of the following: Nonelective contribution (3% of pay) Enhanced match formula Basic match formula (\$ for \$ up to 3% plus 50% for next 2%)	Discretionary, unless the plan is top-heavy
Vesting	Immediate 100% vesting	Immediate 100% vesting on safe harbor contributions	Vesting schedules available
Testing required ADP=actual deferral % ACP=actual contribution % 415=maximum annual additions	Top-heavy: Yes ADP: No ACP:N/A 415: Yes	Top-heavy: No ADP: No ACP: No 415: Yes	Top-heavy: Yes ADP: Yes ACP: Yes 415: Yes
Deadline for plan establishment	Tax-filing deadline, plus extensions	First day of plan year	Last day of employer's fiscal year, but not later than commencement of employee contributions
Advantages of this type of plan	Minimal paperwork and expense Minimal tax filing No requirement to make ongoing contributions	No discrimination testing Employee deferral of current taxes available More flexibility with contribution amounts due to increase in deferral limit	Employee deferral of current taxes available Flexible contributions More flexibility with contribution amounts due to increase in deferral limit

Questions? Please contact Robin Newman or Austin Frye (305)-931-3200**www.FryeFinancial.com**

2006**FRYE FINANCIAL CENTER****Comparison Chart
Plan Type****Profit-Sharing****Money Purchase****Defined Benefit
Pension**

Employer characteristics	All taxable businesses Government entities Tax-exempt organizations	All taxable businesses Government entities Tax-exempt organizations	All taxable businesses Government entities Tax-exempt organizations
Who MUST be covered	Any employee with 1,000 hours of service within one year and who is age 21 or older; can exclude certain employees	Any employee with 1,000 hours of service within one year and who is age 21 or older; can exclude certain employees	Any employee with 1,000 hours of service within one year and who is age 21 or older; can exclude certain employees
Maximum annual combined contribution that the employer may deduct	25% of total eligible payroll (maximum eligible pay per employee is \$220,000)	25% of total eligible payroll (maximum eligible pay per employee is \$220,000)	Contribution is limited to amount necessary to fund future benefits (maximum eligible pay per employee is \$220,000)
Maximum annual contribution to employee's account	100% of employee's total pay or \$44,000, whichever is less	100% of employee's total pay or \$44,000, whichever is less	No individual accounts
Maximum annual employee deferral	No employee contributions allowed	No employee contributions allowed	No employee contributions allowed
Contribution allocation formulas	Nonintegrated allocation Integrated with Social Security Cross-tested	Nonintegrated allocation Integrated with Social Security Cross-tested	NA
Required employer contribution	Flexible contribution allowed each year (preset amount not required); however, employer must make "substantial and recurring" contributions	Amount stated in plan document (same percentage contribution required each year)	Contributions based on anticipated payouts during retirement and actuarial assumptions
Vesting	Vesting schedules available	Vesting schedules available	Vesting schedules available
Testing required ADP=actual deferral % ACP=actual contribution % 415=maximum annual additions	Top-heavy: Yes ADP: N/A ACP: N/A 415: Yes	Top-heavy: Yes ADP: N/A ACP: N/A 415: Yes	Top-heavy: Yes ADP: N/A ACP: N/A 415: Yes
Deadline for plan establishment	Last day of employer's fiscal year	Last day of employer's fiscal year	Last day of employer's fiscal year
Advantages of this type of plan	Flexible contributions	Specified level of contributions	Annual benefit on retirement can be as high as 100% of highest three-year average pay, up to \$175,000 Provides guaranteed annuity payments for life

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