



TOTAL MERRILL®

New Comparability Profit Sharing Plan for Small Business

Also known as a cross-tested or tiered profit sharing plan

ARE YOU A SMALL BUSINESS WITH OWNERS AND KEY EMPLOYEES EARNING SIGNIFICANTLY MORE THAN OTHER EMPLOYEES? ARE YOU LOOKING FOR A WAY TO MAXIMIZE YOUR OWN RETIREMENT SAVINGS WITHOUT INFLATING YOUR OVERALL PLAN COSTS?

The New Comparability Profit Sharing Plan coupled with 401(k) features gives owners the power to allocate greater contributions to a preferred group of employees while still passing IRS nondiscrimination tests. Using a contribution formula based on estimates of lifetime needs/benefits, the plan favors older, highly compensated employees who need to build retirement savings more quickly.

FEATURES

Maximum benefits for owners/key employees¹

- Deductible employer contributions up to 25% of employee compensation on salaries up to \$230,000 for 2008 (\$225,000 for 2007)
- Individual salary deferral contributions of up to \$15,500 for 2008
- Individual catch-up contributions of up to \$5,000 if age 50 or older²
- Combined total contributions of up to 100% of compensation, not to exceed \$46,000 for 2008 or \$51,000 with catch-up contributions (\$45,000 or \$50,000 with catch-up contributions for 2007)

Potentially lower overall funding costs

- Tiering of employees potentially allows owners to allocate fewer contributions to non-owner/non-key employees

Increased share of plan assets for owners/key employees

- Owners can receive as much as 95% of total plan contributions in some cases

Current tax savings

- Tax-deductible employer contributions
- Tax-deduction for certain plan operating costs
- Tax-deferral of salary deferral contributions and any earnings*
- Salary deferrals not included in determining employer deductible contribution limits

Flexibility

- Discretionary contributions
- Permits vesting schedules on employer contributions to help retain employees

WHO IT'S FOR

- Small businesses with any number of employees, but not owner-only businesses, including:
 - Corporations
 - Partnerships
- Businesses with no plan or those with SEP, SIMPLE, 401(k), profit sharing or money purchase plans with key employees or owners who are not able to maximize contributions
- Owners and key staff with annual compensation significantly higher than other employees
- Owners who are older than most non-owner employees

WHAT IT DOES

- Maximizes contributions for owners and key employees
- Potentially controls employer contributions to other employees
- Maintains flexibility in plan funding
- Offers a wide choice of investments

*Taxes due upon withdrawal. You may also be subject to a 10% tax penalty if you take a withdrawal prior to age 59½.

For Plan Sponsor Use Only

ADVICE AND PLANNING

RETIREMENT

BEYOND BANKING

CREDIT AND LENDING

ESTATE PLANNING SERVICES

INVESTMENTS

SOLUTIONS FOR BUSINESS

TRACKING PROGRESS

COMPARE THE POTENTIAL COST SAVINGS OVER A TRADITIONAL 401(K) (WITH PROFIT SHARING)³

	AGE	COMPENSATION	TRADITIONAL 401(K) WITH PROFIT SHARING			NEW COMPARABILITY PROFIT SHARING WITH 401(K) FEATURES		
			EMPLOYER PROFIT SHARING WITH SAFE HARBOR MATCHING CONTRIBUTION	SALARY DEFERRAL EMPLOYEE CONTRIBUTION	TOTAL	EMPLOYER PROFIT SHARING WITH SAFE HARBOR MATCHING CONTRIBUTION	SALARY DEFERRAL EMPLOYEE CONTRIBUTION	TOTAL
Owner, Joseph	52	\$230,000	\$30,500	\$20,500	\$51,000	\$30,500	\$20,500	\$51,000
Employee John	47	\$120,000	\$15,913	\$3,600	\$19,513	\$9,600	\$13,200	\$22,800
Employee Sallie	35	\$30,000	\$3,978	\$900	\$4,878	\$1,326	\$900	\$2,226
Employee Jim	25	\$20,000	\$2,652	\$600	\$3,252	\$884	\$600	\$1,484
Total		\$400,000	\$53,043	\$25,600	\$78,643	\$42,310	\$35,200	\$77,510

- Ability to take loans from the plan (certain limitations apply)
- Wide range of investment choices
- Can be used together with another tax-qualified retirement plan

Administrative requirements

- Subject to compliance testing
- IRS Form 5500 must be filed annually

BENEFITS

- Maximizes contributions for owners and key employees without increasing overall plan costs
- Ability to attract and reward owners/key employees
- A wide range of investment choices, and employer contributions are not mandatory
- Access to money in certain instances due to loan provisions
- Tax-effective way to transfer assets out of business⁴

GETTING STARTED

When establishing or converting to a New Comparability Profit Sharing Plan, your Financial Advisor can guide you through the process of 1) choosing a plan administrator to

¹Amounts for subsequent years may vary.

²Tax legislation provides a catch-up provision for employees age 50 and older in the current calendar year, giving them the ability to potentially make up for missed savings opportunities.

³Source: Multiple Plan Comparison Report 2008 Retirement Planning Center, LLC & EBG Systems, Inc. Changes in the information will directly impact the results provided. Traditional 401 (k) contributions represent a profit sharing employer contribution of 10.26% of salary plus a 3% Safe Harbor contribution to all eligible employees allowing the owner/ employer to maximize his/her contribution at \$51,000. The salary deferral contribution represents 3% and 6.74 % of salary for the employee and employer, respectively, and a \$5,000 "catch up" contribution for the employer over age 50.

New Comparability contribution represents a 10.26% profit sharing employer contribution to the "tier I" group -owner/employer- allowing

For Plan Sponsor Use Only

Unless otherwise noted, registered service marks and service marks are the property of Merrill Lynch & Co., Inc.

© 2008 Merrill Lynch, Pierce, Fenner & Smith Incorporated.
Member Securities Investor Protection Corporation (SIPC). Printed in the U.S.A.

provide the necessary administrative and recordkeeping services and 2) deciding on investment solutions and opening your account.

Merrill Lynch Packaged Plan Services

For "one stop" shopping, you can choose Merrill Lynch's industry-leading investment and advisory services combined with recordkeeping and plan administration provided through MLConnect[®], a network of preferred partners who work with Merrill Lynch to provide total plan solutions. Your plan assets are held in a Merrill Lynch Retirement Cash Management AccountSM (RCMA[®]), which offers customized investment solutions based on your specific needs.

Merrill Lynch Investment-Only Solutions

If you already have or prefer to choose your own provider for plan administration and recordkeeping services, you can still obtain Merrill Lynch's industry-leading investment and advisory services by setting up a Merrill Lynch RCMA[®] investment-only account to buy, sell and hold your plan assets. The RCMA provides a high level of investment flexibility. Your investment choices may include stocks, bonds and mutual funds as well as managed money services.

For more information on the New Comparability Profit Sharing Plan and other retirement plans, visit www.askmerrill.ml.com or ask your Financial Advisor.

the owner/employer to maximize his/her contribution at \$51,000. All other employees "tier II" represent an employer contribution of 1.4% of salary. This also assumes all eligible employees receive a 3% Safe Harbor contribution. The salary deferral contribution represents 3% and 6.74 % of salary for the employee and employer, respectively, and a \$5,000 "catch up" contribution for the employer over age 50. The highly compensated employee's salary deferral represents 5% of salary

Based on 2008 statutory limits. Figures rounded to the nearest hundred.

⁴Any information presented about tax considerations affecting client financial transactions or arrangements is not intended as tax advice and should not be relied upon for the purpose of avoiding any tax penalties. Neither Merrill Lynch nor its Financial Advisors provide tax, accounting or legal advice. Clients should review any planned financial transactions or arrangements that may have tax, accounting or legal implications with their personal professional advisors.