

QUALIFIED PLAN DESIGN

FOR

The Music Scene

PREPARED BY:

Benefits Galore, Your Local Pension Specialist

DATE PREPARED: 04/09/2015



BLAZE SSI

The Music Scene
EFFECTIVE AS OF 01/01/2015
EMPLOYEE CENSUS

Employee Name	Owner%	Sex	Dates		Annual Compensation	KHP
			Birth	Hire		
Owner, F	100.0%	F	01/01/1960	01/01/1990	250,000	KHP
Groupie, R		M	01/01/1975	01/01/2010	50,000	
Clerk1, A		F	01/01/1980	01/01/2010	25,000	
Clerk2, A		F	01/01/1985	01/01/2010	25,000	
Roadie1, R		M	01/01/1995	01/01/2010	15,000	
Roadie2, R		M	01/01/1995	01/01/2010	15,000	
Total					380,000	
Preferred Total					250,000	P
Preferred %Total					66%	P

K indicates an IRC416 Key employee

H indicates an IRC414 Highly Compensated employee

P indicates a preferred employee

Anticipated Beginning of Plan Year: 01/01/2015

Client Business Type: Regular C Corporation

#	Design Description	Budget
1	Profit Sharing Two-Group New Comparability Plan	Maximum
2	SIMPLIFIED EMPLOYEE PENSION PLAN	Maximum
3	SIMPLE 401(k)	Maximum
4	SIMPLE IRA	n/a

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COMPARISON OF PLAN DESIGN FEATURES

A retirement plan provides benefits for participating employees. Retirement plans are an investment for financial security at retirement. In addition, plan benefits are generally not taxed until they are distributed. A qualified retirement plan requires a legal plan trust document and must satisfy applicable Federal government rules each year of the plan.

Here are the features provided by each of the illustrated plan designs, which have an anticipated plan effective date of 01/01/2015:

Design Description: Profit Sharing Two-Group New Comparability Plan

This is a defined contribution profit sharing design in which the plan sponsor's discretionary contribution is determined annually. The plan will also specify the method which allocates contributions to participant's individual accounts. The accumulated value of the participant's account, including future contribution allocations and investment results, are available at retirement to provide plan benefits. The plan can provide for participant-level investment direction.

The plan sponsor profit sharing contribution is allocated to members of specified employee groups. The allocation to each employee group is determined so that the IRC401(a) non-discrimination rules on a benefit or contribution basis are satisfied. The membership in the plan sponsor specified employee groups must be non-discriminatory. The plan sponsor's annual contribution to the plan is discretionary. It can be any amount up to the maximum deductible amount under government rules or zero in any year.

This plan includes a provision for IRC401(k) employee-elective compensation deferrals. The plan design includes a qualified non-elective contribution for non-highly compensated plan participants of 3.00% of pay as a 'safe harbor' method of satisfying the non-discrimination requirements of IRC401(k).

Plan sponsor contribution allocations may be different if the employee-level IRC401(k) elective deferrals are not as illustrated.

Design Description: SIMPLIFIED EMPLOYEE PENSION PLAN

This is a Simplified Employee Plan (SEP) defined contribution design, in which contributions are made to Individual Retirement Accounts (IRA).

This is a defined contribution profit sharing design in which contribution allocation methods are stated. The accumulated value of the participant's account, including future contribution allocations and investment results, are available at retirement to provide plan benefits. The plan can provide for participant-level investment direction.

Design Description: SIMPLE 401(k)

This plan includes a provision for IRC401(k) employee-elective compensation deferrals. The plan design includes a qualified non-elective contribution for non-highly compensated plan participants of 2.00% of pay as a 'safe harbor' method of satisfying the non-discrimination requirements of IRC401(k).

Design Description: SIMPLE IRA

This is a Savings Incentive Match Plan for Employees (SIMPLE IRA) defined contribution design that is easily established and operated as there is generally no IRS filing requirement for the plan sponsor.

This plan includes a provision for IRC401(k) employee-elective compensation deferrals. The plan design includes a qualified non-elective contribution for non-highly compensated plan participants of 2.00% of pay as a 'safe harbor' method of satisfying the non-discrimination requirements of IRC401(k).

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COMPARISON OF PLAN DESIGN FEATURES

Establishing a New Tax-qualified Retirement Plan:

Establishing a tax-qualified pension or profit-sharing plan requires careful preparation. Tax deductions taken by the plan sponsor for contributions to retirement plan are allowed by the Internal Revenue Service only if the requirements of Federal statutes and regulations defining the operation, reporting and fiduciary responsibilities are met. A qualified retirement plans must provide for:

- An irrevocable trust containing plan contributions and earnings
- The disbursement of trust funds only for the benefit of plan participants
- The non-discriminatory provision of plan benefits to eligible employees

For most plan designs annual pension and profit sharing reports must be submitted to the Federal government. A properly stated trust document must be executed, and initial and annual servicing must be provided to ensure that the reporting is performed correctly. A defined benefit plan design also requires an actuarial certification.

Annual reporting to eligible plan participants is also required on the status of their benefits and contributions and investment types, earnings or losses. Besides asset information, participants must be furnished with a Summary Plan Description when the plan is established or significantly amended. Advance Notice of Intention to Terminate a Plan is also required by the government.

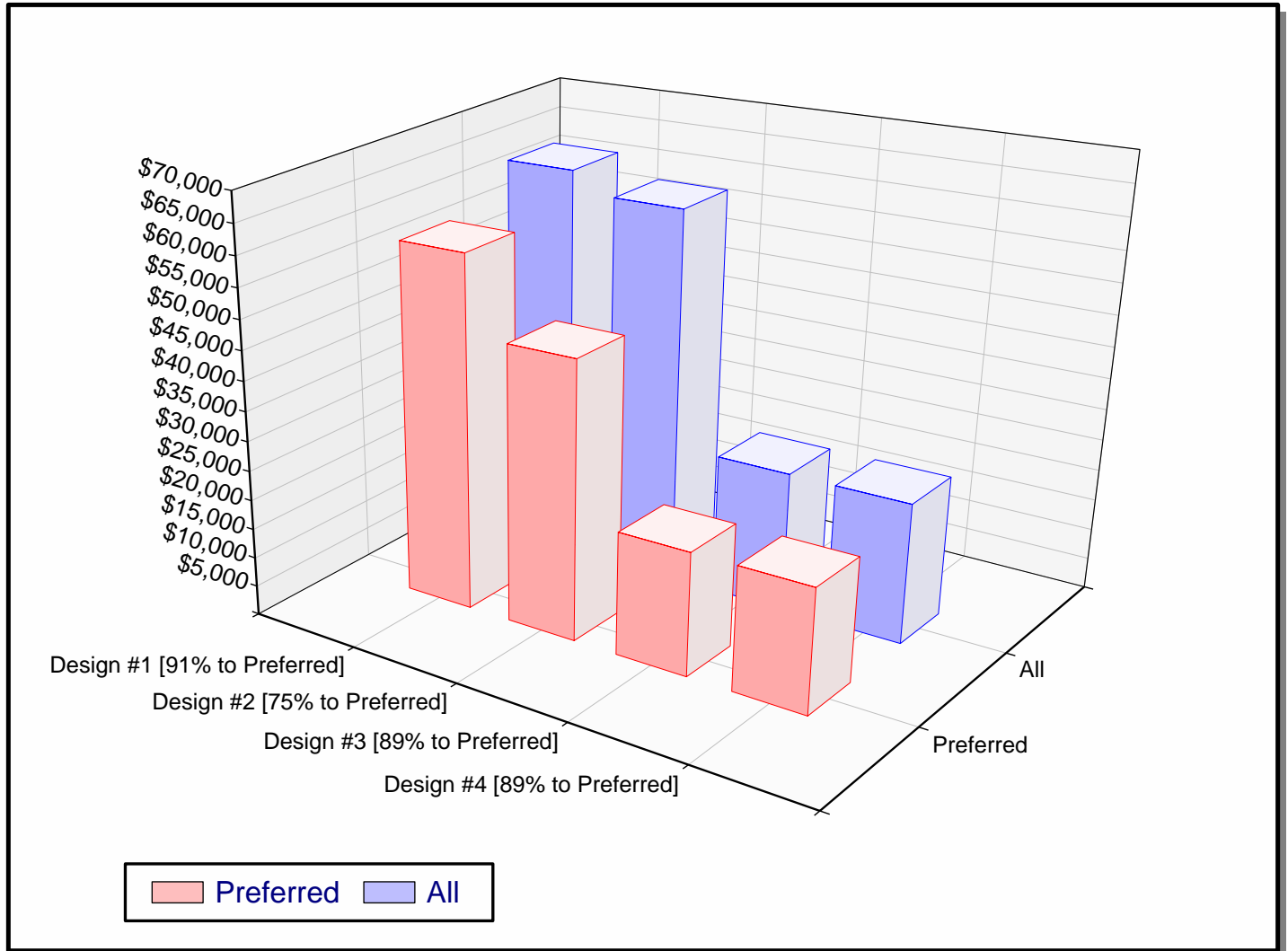
Government rules are subject to frequent modification by the U.S. Congress and Federal agencies such as the IRS, DOL and PBGC. The plan sponsor's accountant and tax advisers need to be consulted when a qualified retirement plan is created, and conferred with periodically to properly consider legislative and regulatory changes.

Government rules which must be considered include, but are not limited to, maximum benefit and contribution limits under IRC401(k) and IRC415, maximum compensation that may be considered under IRC401(a)(17), minimum benefits under IRC416, non-discrimination rules under IRC401(a) and IRC414(q) and maximum deduction rules under IRC404.

The illustrations provided here depend on the client and census information that has been provided by the potential plan sponsor. Future operation of the plan will depend on future census and plan sponsor information and government rules.

This illustration does not constitute legal, accounting or actuarial advice.

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EFFECTIVE AS OF 01/01/2015
Comparison of Initial Contribution



Preferred indicates preferred employees for plan design purposes.

Contributions are computed as due as of the End of the Plan Year. For defined contribution plan designs, IRC401(k) elective deferrals, if any, are included in the contributions for the Owner Employees.

#	Design Description	Preferred Contribution	Total Contribution
1	Profit Sharing Two-Group New Comparability Plan	59,000	65,071
2	SIMPLIFIED EMPLOYEE PENSION PLAN	46,246	61,746
3	SIMPLE 401(k)	20,500	23,100
4	SIMPLE IRA	20,500	23,100

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COMPARISON OF INITIAL ANNUAL CONTRIBUTIONS

Employee Name	P	Profit Sharing Two-Group New Comparability Plan			SIMPLIFIED EMPLOYEE PENSION PLAN			SIMPLE 401(k)			SIMPLE IRA		
		\$Amount	%Total	%Pay	\$Amount	%Total	%Pay	\$Amount	%Total	%Pay	\$Amount	%Total	%Pay
Owner, F	P	59,000	90.7%	23.6%	46,246	74.9%	18.5%	20,500	88.7%	8.2%	20,500	88.7%	8.2%
Other Employees		6,073	9.3%	4.7%	15,500	25.1%	15.5%	2,600	11.3%	2.0%	2,600	11.3%	2.0%
All Employees		65,073	100.0%	17.1%	61,746	100.0%	17.6%	23,100	100.0%	6.1%	23,100	100.0%	6.1%
Preferred Employees	P	59,000	90.7%	23.6%	46,246	74.9%	18.5%	20,500	88.7%	8.2%	20,500	88.7%	8.2%

P indicates a preferred employee for plan design purposes.

Preferred employees are listed separately above. The 'Other Employee' values represent the totals for all other employees.

Contributions are computed as due as of the End of the Plan Year. For defined contribution plans, IRC401(k) deferrals, if any, are included in the contributions for Owner Employees. Compensation used to determine the %Pay is limited by IRC401(a)(17).

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COMPARISON OF ACCUMULATIONS

Employee Name	P	Compensation	Design#1	Design#2	Design#3	Design#4
Owner, F	P	250,000	676,369	530,153	235,010	235,010
Groupie, R		50,000	43,964	88,845	28,660	28,660
Clerk1, A		25,000	21,982	44,423	14,330	14,330
Clerk2, A		25,000	21,982	44,423	14,330	14,330
Roadie1, R		15,000	13,189	0	8,598	8,598
Roadie2, R		15,000	13,189	0	8,598	8,598
Totals						
All Employees		380,000	790,675	707,844	309,526	309,526
Preferred Employees	P	250,000	676,369	530,153	235,010	235,010

P indicates a preferred employee for plan design purposes.

Illustrated compensation is the amount which may be considered in the plan under IRC401(a)(17). The illustrated accumulations are as of the latest anticipated retirement age of the Preferred plan participants. Accumulations are theoretical values. Government distribution regulations may limit lump sum payouts from the plan.

#	Design Description
1	Profit Sharing Two-Group New Comparability Plan
2	SIMPLIFIED EMPLOYEE PENSION PLAN
3	SIMPLE 401(k)
4	SIMPLE IRA

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COMPARISON OF PLAN SPONSOR'S AFTER TAX ANALYSIS

		Design#1	Design#2	Design#3	Design#4
(1)	Plan Sponsor's Tax Rate	25.0%	25.0%	25.0%	25.0%
(2)	Total Plan Sponsor's Contribution	41,073	61,746	7,600	7,600
(3)	Plan Sponsor's Tax Savings [(2) x (1) / 100]	10,268	15,437	1,900	1,900
(4)	After Tax Cost of Plan to Plan Sponsor [(2) - (3)]	30,805	46,309	5,700	5,700
(5)	Plan Cost for Preferred Employees	35,000	46,246	5,000	5,000
(6)	%Net After Tax Cost for Preferred Employees [100 x (5) / (4)]	114.0%	100.0%	88.0%	88.0%

Preferred employees are designated for plan design purposes.

#	Design Description
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