

Checks and Balances



401k vs. Premier Bonus Plan

401k

Year	S&P	Beginning	Employee Contribution	Employer Match	Yield	Ending Balance
2000	-9.11%	\$100,000	\$10,000	\$5,000	-\$9,793	\$105,207
2001	-11.89%	\$105,207	\$10,000	\$5,000	-\$13,401	\$106,806
2002	-22.10%	\$106,806	\$10,000	\$5,000	-\$25,262	\$96,544
2003	28.68%	\$96,544	\$10,000	\$5,000	\$29,840	\$141,384
2004	10.88%	\$141,384	\$10,000	\$5,000	\$16,199	\$172,583
2005	4.91%	\$172,583	\$10,000	\$5,000	\$8,842	\$196,425
2006	15.79%	\$196,425	\$10,000	\$5,000	\$32,200	\$243,625
2007	5.49%	\$243,625	\$10,000	\$5,000	\$13,787	\$272,411
2008	-37.00%	\$272,411	\$10,000	\$5,000	-\$103,567	\$183,844
2009	23.50%	\$183,844	\$10,000	\$5,000	\$44,966	\$243,810

-\$6,190

Initial Investment of \$100,000	\$100,000
+Employer and Employee Contributions	\$150,000
-Loss	-\$6,190
	<u>\$243,810</u>

Premier Bonus Plan

Adjusted S&P	Beginning	Employee Contribution	Employer Contribution	Yield	Ending
2.00%	\$100,000	\$10,000		\$2,100	\$112,100
2.00%	\$112,100	\$10,000		\$2,342	\$124,442
2.00%	\$124,442	\$10,000		\$2,589	\$137,031
13.00%	\$137,031	\$10,000		\$18,464	\$165,495
10.88%	\$165,495	\$10,000		\$18,550	\$194,045
4.91%	\$194,045	\$10,000		\$9,773	\$213,818
13.00%	\$213,818	\$10,000		\$28,446	\$252,264
5.49%	\$252,264	\$10,000		\$14,124	\$276,388
2.00%	\$276,388	\$10,000		\$5,628	\$292,016
13.00%	\$292,016	\$10,000		\$38,612	\$340,628

\$140,628

Initial Investment of \$100,000	\$100,000
+Employer and Employee Contributions	\$100,000
+Gain	\$140,628
	<u>\$340,628</u>

vs.

Key Points

- 1) Despite not having a total of \$50,000 in matching investments from the employer, the Premier Bonus Plan would outperform the 401k plan invested in the S&P
- 2) The Premier Bonus plan has a minimum return of 2% and a maximum return of 13% per year

*Yield calculations are based on the assumption that contributions occur evenly throughout the year