



NEWS RELEASE

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FOR IMMEDIATE RELEASE

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Employees realize a 100% increase in Company Contributions if Employer Sponsors a Cash Balance Plan

(Encino, CA) – Kravitz, the nation’s leading expert in the design and administration of Cash Balance Pension Plans released today details of a report revealing that rank and file employees realize a 100% increase in company contributions if their employer adopts a Cash Balance Plan.

According to the Profit Sharing Council of America’s 50th Annual Survey of Profit Sharing and 401(k) Plans, the average company contribution to employees in 401(k) plans is 3.0 percent of pay. For most participants who have a company match, the employees usually must contribute twice as much, or 6% to receive the company contribution.

According to Kravitz, in Cash Balance Plans, the average participants get 6% without having to make any contributions themselves. Typically, Cash Balance Plans require that employers contribute 5% to 8% of pay to the Non-Highly Compensated Employees in order to contribute larger amounts for the highly paid employees. *“Cash Balance Plans are a win-win situation with increased contributions to the staff and higher limits for the executives,”* stated Kravitz President, Dan Kravitz.

A Cash Balance Plan is a defined benefit plan that specifies the amount of contribution to be credited to each participant. The contribution can be either a flat dollar amount or a percentage of pay. The Pension Protection Act of 2006 prompted an increasing number of companies to adopt a qualified Cash Balance Plan that allows for substantial increases in contributions and increased tax savings.

“Employers are looking for ways to maximize retirement contributions beyond a 401(k) plan. Cash Balance Plans are an effective way for business owners to increase personal and employee retirement contributions, retain employees, and receive tax deductions,” offered Dan Kravitz.

While professional service firms, law firms and medical practices are traditional candidates for Cash Balance Plans, research published by Kravitz earlier this year disclosed that Manufacturing accounts for 14% of Cash Balance Plans by business type. That ranks second only behind Medical which represents 28% of Cash Balance Plans.

For more information on the Kravitz research for Cash Balance Retirement Plans please contact Dan Kravitz at Kravitz at 818-379-6162 or visit www.cashbalancedesign.com.

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About Kravitz:

Since its founding in 1977, Kravitz has brought its clients the latest in design, administration, and management of corporate retirement plans. Kravitz is the largest independent firm of its kind in California with over 75 employees, including 10 actuaries and 25 other highly trained and credentialed professionals. Recently, Kravitz has become nationally known and recognized as a pioneer and leader in Cash Balance Plan design. For more information, please go to www.cashbalancedesign.com.

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