

PART II. APPENDIX 5

COMPARISON OF RETIREMENT PLAN CONTRIBUTION METHODS

Illustration #1 Assumptions: EE Retirement @ 5%
 ER Retirement @ 7%
 Salary \$20,000
 Federal Tax @ 15%
 State Tax @ 5%
 FICA @ 7.51% on \$45,000 (for 1988)

Payroll Item	No Plan	Conventional Plan	Pick-Up Plan	ER-Pay-All Plan
Salary	\$20,000	\$20,000	\$20,000	
Federal Tax	(3,000)	(3,000)	(2,850)	NOT
State Tax	(1,000)	(1,000)	(950)	
FICA	(1,502)	(1,502)	(1,502)	APPLICABLE
EE Retirement	-0-	(1,000)	(1,000)	
Take Home Pay:	\$14,498	\$13,498	\$13,698	

Illustration #2 Assumptions: Same as Illustration #1, except:
 o 5% Pay Raise
 o ER-Pay-All Retirement Changes to 12.6%
 i.e., $(.07 + .05)(1 + .05) = 12.6\%$

Payroll Item	No Plan	Conventional Plan	Pick-Up Plan	ER-Pay-All Plan
Salary	\$21,000	\$21,000	\$21,000	\$20,000
Federal Tax	(3,150)	(3,150)	(2,992.50)	(3,000)
State Tax	(1,050)	(1,050)	(972.50)	(1,000)
FICA	(1,577.10)	(1,577.10)	(1,577.10)	(1,502)
EE Retirement	-0-	(1,050)	(1,050)	-0-
Take Home Pay:	\$15,222.90	\$14,172.90	\$14,407.90	\$14,498

Illustration #3 Assumptions: Same as Illustration #2, except:
 o Shows PHA Payroll Costs

Payroll Item	No Plan	Conventional Plan	Pick-Up Plan	ER-Pay-All Plan
Salary	\$21,000	\$21,000	\$21,000	\$20,000
FICA	1,577.10	1,577.10	1,577.10	1,502
ER Retirement	-0-	1,470	2,520	2,520
EE Retirement	-0-	-0-	(1,050)	-0-
FR Net Cost:	\$22,577.10	\$24,047.10	\$24,047.10	\$24,022

9/88