



Employer Connect | Maximizing a Business Owner's Retirement Benefit

MAKING IT ACTIONABLE

It's a common story – business owners put everything into their businesses for years before being in a financial position to put real money away for retirement. Once they're ready to really get going, we can suggest a number of retirement plan designs and individual plan features that can help them reach their goals.

Depending on your particular situation, here's a quick snapshot of some of the most popular:

1

401(k) Plan with a Safe Harbor feature

This plan can be a great vehicle. With this plan, you can make significant contributions because the rank-and-file employees are guaranteed a meaningful base contribution. The "safe harbor" is a free pass on the testing that is otherwise required to demonstrate adequate coverage and fairness.

2

Age-Weighted Plan Design

For some business owners, this design can be advantageous because, as its name implies, it takes the age of employees into consideration when calculating annual contributions. This can be especially helpful if owners are older and your workforce is relatively younger as the contribution calculations favor those closer to retirement.

3

Defined Benefit Plan

A traditional Defined Benefit plan can also work to your advantage as it's meant to guarantee a promised benefit at retirement and is calculated to contribute to fund that liability. DB plans permit much higher annual contributions than 401(k)-type plans, but it's important to note that annual contributions to fund their results are mandatory, not discretionary.

4

Cash Balance Plan

A Cash Balance plan is something of a hybrid. It's has the mandatory provisions of a Defined Benefit plan, but provides an accumulated balance like a Defined Contribution plan – rather than a promised benefit at retirement. It, too, allows you to save much more than is possible under a 401(k) or Profit Sharing plan.



Employer Connect | Maximizing a Business Owner's Retirement Benefit

5

Pairing 401(k) and Cash Balance

This provides the opportunity for rank and file employees to participate while giving you a more generous savings path.

6

Catch-Up Contributions

The IRS provides all employees over the age of 50 the opportunity to make what are called "catch-up" contributions. This means that you can catch up for years when you were building your business or raising a family and weren't able to put away enough for retirement. Catch-up contributions raise the deferral annual limit for older savers.

ACTION TO TAKE NOW

All of these are tools in our arsenal. Be aware that they are available to us when the need arises. You can count on us to work with you to create a custom approach to help you optimize your path to long-term financial success.

Give us a call to see how we can maximize your retirement success.