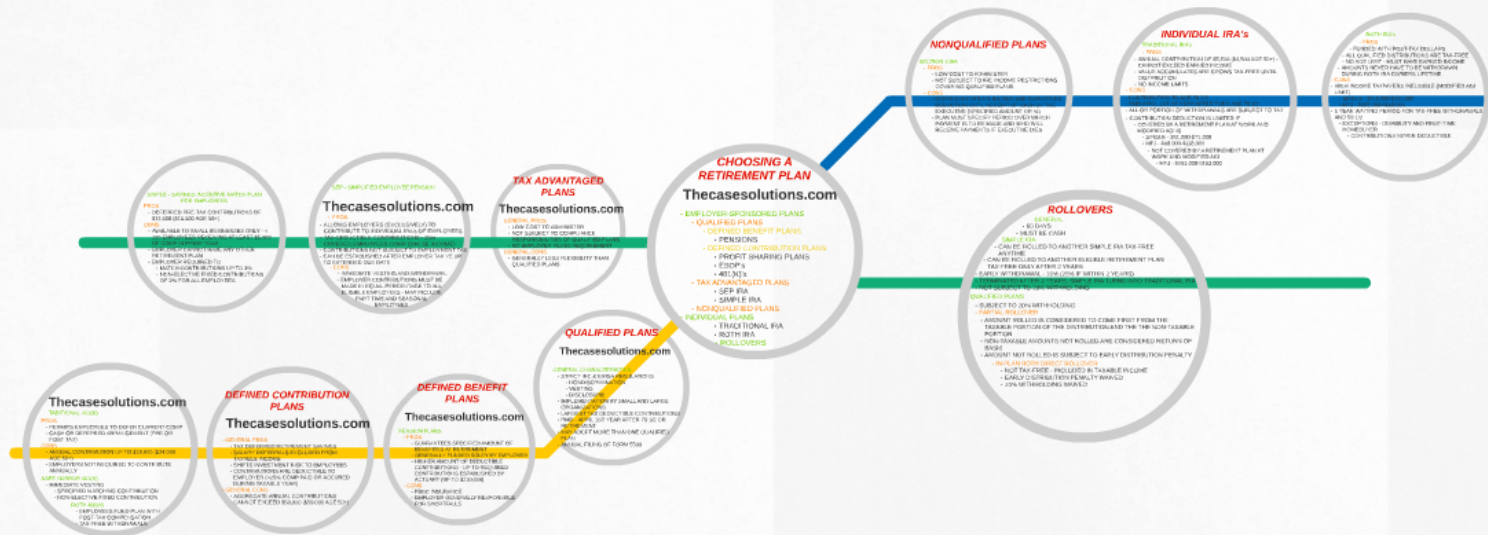


Tax-Assisted Retirement Plans

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CHOOSING A RETIREMENT PLAN

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- **EMPLOYER-SPONSORED PLANS**
 - **QUALIFIED PLANS**
 - **DEFINED BENEFIT PLANS**
 - PENSIONS
 - **DEFINED CONTRIBUTION PLANS**
 - PROFIT SHARING PLANS
 - ESOP's
 - 401(K)'s
 - **TAX ADVANTAGED PLANS**
 - SEP IRA
 - SIMPLE IRA
 - **NONQUALIFIED PLANS**
- **INDIVIDUAL PLANS**
 - TRADITIONAL IRA
 - ROTH IRA
 - **ROLLOVERS**

QUALIFIED PLANS

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GENERAL CHARACTERISTICS

- STRICT IRC & ERISA REGULATIONS
 - NONDISCRIMINATION
 - VESTING
 - DISCLOSURE
- IMPLEMENTATION BY SMALL AND LARGE ORGANIZATIONS
- LARGEST TAX DEDUCTIBLE CONTRIBUTIONS
- RMD - APRIL 1ST YEAR AFTER 70 1/2 OR RETIREMENT
- MAY ADOPT MORE THAN ONE QUALIFIED PLAN
- ANNUAL FILING OF FORM 5500

DEFINED BENEFIT PLANS

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PENSION PLANS

• PROS

- GUARANTEES SPECIFIED AMOUNT OF BENEFITS AT RETIREMENT
- GENERALLY FUNDED SOLELY BY EMPLOYER
- HIGHER AMOUNT OF DEDUCTIBLE CONTRIBUTIONS - UP TO REQUIRED CONTRIBUTIONS ESTABLISHED BY ACTUARY (UP TO \$210,000)

• CONS

- PBGC INSURANCE
- EMPLOYER GENERALLY RESPONSIBLE FOR SHORTFALLS

DEFINED CONTRIBUTION PLANS

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- **GENERAL PROS**
 - TAX DEFERRED RETIREMENT SAVINGS
 - SALARY DEFERRALS EXCLUDED FROM TAXABLE INCOME
 - SHIFTS INVESTMENT RISK TO EMPLOYEES
 - CONTRIBUTIONS ARE DEDUCTIBLE TO EMPLOYER (<25% COMP PAID OR ACCURED DURING TAXABLE YEAR)
- **GENERAL CONS**
 - AGGREGATE ANNUAL CONTRIBUTIONS CANNOT EXCEED \$53,000 (\$59,000 AGE 50+)

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TADITIONAL 401(K)

PROS

- PERMITS EMPLOYEES TO DEFER CURRENT COMP
- CASH OR DEFERRED ARRANGEMENT (PRE OR POST TAX)

CONS

- ANNUAL CONTRIBUTION UP TO \$18,000 (\$24,000 AGE 50+)
- EMPLOYERS NOT REQUIRED TO CONTRIBUTE ANNUALLY

SAFE HARBOR 401(K)

- IMMEDIATE VESTING
 - SPECIFIED MATCHING CONTRIBUTION
 - NON-ELECTIVE FIXED CONTRIBUTION

ROTH 401(K)

- EMPLOYEES FUND PLAN WITH POST-TAX COMPENSATION
- TAX-FREE WITHDRAWALS

TAX ADVANTAGED PLANS

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GENERAL PROS

- LOW COST TO ADMINISTER
- NOT SUBJECT TO COMPLIANCE

RESPONSIBILITIES OF QUALIFIED PLANS

- NO EMPLOYER FILING REQUIREMENT

GENERAL CONS

- GENERALLY LESS FLEXIBILITY THAN QUALIFIED PLANS

SEP - SIMPLIFIED EMPLOYEE PENSION

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- **PROS**

- ALLOWS EMPLOYERS (EXCLUSIVELY) TO CONTRIBUTE TO INDIVIDUAL IRA'S OF EMPLOYEES
- TAX-DEDUCTIBLE CONTRIBUTIONS - 25% COVERED EMPLOYEES COMP (20% SE INCOME)
- CONTRIBUTIONS NOT SUBJECT TO EMPLOYMENT TAX
- CAN BE ESTABLISHED AFTER EMPLOYER TAX YE UP TO EXTENDED DUE DATE

- **CONS**

- IMMEDIATE VESTING AND WITHDRAWAL
- EMPLOYER CONTRIBUTIONS MUST BE MADE IN EQUAL PERCENTAGE TO ALL ELIGIBLE EMPLOYEES - MAY INCLUDE PART TIME AND SEASONAL EMPLOYEES