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## Keogh Plan

Keogh plans are a type of retirement plan for self-employed people and owners who have small businesses. Keogh plans get their name from a man who created them, Eugene Keogh. He established the Self-Employed Individuals Tax Retirement Act of 1962 aka the Keogh Act. This plan; like every other, has its benefits and downfalls.



#### Benefits/Pros

- This plan lets you defer taxes until you actually take the money out.
- You can deduct your contributions
- The contribution limits are much higher than a Simple, traditional, or Roth IRA.
- \$49,000 a year.
  This plan can allow you to cignificantly d
- the amount of income that you have to pay taxes every year.
- This plan allows you to invest more money into the financial markets and earn greater returns.
- Lihe a 401k you can invest in stocks, bonds, mutual funds, annuities, and several other types of securities(allows fir great flexibility in investments).

#### Downfall/Cons

- You have to be a self-employed individual to start one of these plans.
- You will not have access to your money until you reach retirement age.

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- This plan can be very difficult to set up because of their complexity.
- Early-withdrawat peasivery night and penalties
   If the participant is a more then 5% owner, payments
   must begin by April 1 of the year after reaching 70 1/2
   whether or not the participant has retired.



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#### Benefits/Pros

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- You can deduct your contributions
- The contribution limits are much higher than a Simple, traditional, or Roth IRA.
- With this plan, you can contribute as much as \$49,000 a year.
- This plan can allow you to significantly decrease the amount of income that you have to pay taxes every year.
- This plan allows you to invest more money into the financial markets and earn greater returns.
- Like a 401k you can invest in stocks, bonds, mutual funds, annuities, and several other types of securities(allows fir great flexibility in investments).

## Downfall/Cons

- You have to be a self-employed individual to start one of these plans.
- You will not have access to your money until you reach retirement age.
- This plan can be very difficult to set up because of their complexity.
- Early-withdrawal fees(very high) and penalties
- If the participant is a more then 5% owner, payments must begin by April 1 of the year after reaching 70 1/2 whether or not the participant has retired.



## 401k Plan

A 401k is a retirement savings plan sponsored by an employer. It lets workers save and invest a piece of their paycheck before taxes are taken out.

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#### Benefits/Pros

- · High contribution limits
- Income tax benefits include investing with pretax dollars and tax deferred growth on the account until time of distribution.
- Loans in the event of an emergency or financial crisis.
- Deferred taxes-No tax on interest or capital gains until the time of distribution
- Matching- Employers are allowed to match up to 6% of your salary

#### Downfall/Cons

- Most plans have limited flexibility as it relates to quality investment options.
- · Fees can be high
- There can be early withdrawal penalties equal to 10% of the amount withdrawn.
- Waiting periods-often a waiting period before employees can initiate a 401k plan with an employer, sometimes six months or up to one year.



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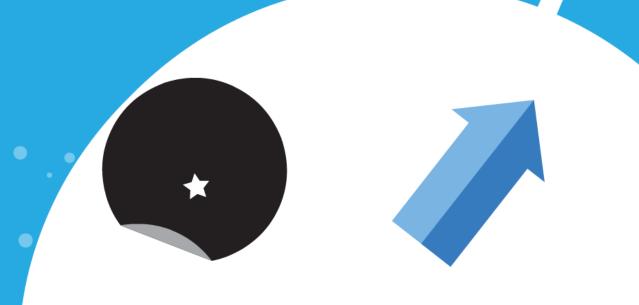
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# My Opinion TheCaseSolutions.com

Looking at the two plans i had a pretty hard time choosing. Once again it is hard to chose one because they both have pretty heavy cons that i dislike. However i decided to chose the 401k plan. To me it has a better list of pros and i feel like it would be much more beneficial to me. Plus it allows you to save and invest a piece of their paycheck before taxes are taken out. To me this is very important considered the fact that the government takes out a lot of taxes. It also has loans that can help if an emergency happens. I think that this is also important because anything can happen and you want some guarantee that your money is okay.



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Some other facts about the other 3 savings plans