



# Consumer Sense

Brought to you by the office of Stephanie Gudka and CUSO Financial Services, L.P. (CFS\*)

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### Retirement Plans Suited for Small Businesses

According to the Small Business Administration, there are nearly 26 million small businesses in America. Considered the backbone of our nation's economy, they create between 60 to 80 percent of net new jobs. As many business owners can attest, such accomplishments don't come without a large amount of risk and hard work.

Given all the responsibilities that go into running a successful small business, planning for retirement may be one of the last items on your list. Fortunately starting a retirement plan for your business may be easier than you think. There are a number of retirement plan options that can provide meaningful tax advantages to both you, as the owner, and your employees.

Whether you are self-employed or have full or part-time employees there's a plan that's right for you and your business. To determine

which plan is best, you must first consider the following: who will contribute to the plan, eligibility requirements, vesting, administrative responsibilities, and the cost of the plan – not only the cost to the business but cost to the plan participants. These are all good questions, but you don't have to go it alone; we can help.

Here are a few examples of the most common retirement plans available:

#### SIMPLE IRA

A SIMPLE IRA is a savings incentive match plan for business owners with fewer than 100 employees. This plan is well suited for employers who would like their employees to share responsibility for funding accounts by making their own contributions. Some of the key benefits of this type of plan are its simplicity, low cost and ease of administration. No discrimination testing or government reporting is required.

#### SEP-IRA

SEPs may be ideal for the self-employed person who wants a simple retirement plan that allows annual discretionary, tax-deductible contributions. With this type of plan, generally only the employer is allowed to make contributions. This type of plan may require top-heavy testing requirements.

#### 401(k) PROFIT SHARING and INDIVIDUAL 401(k) PLANS

A small business can start a 401(k) plan for its employees that allows both employee and employer contributions.

If a small business has no employees other than a husband and wife, it can sponsor a Solo 401(k), which is essentially a traditional 401(k), just smaller in size. A Solo 401(k) may allow the business owners to save more than is the case with either a SEP or a SIMPLE IRA because the Solo 401(k) contribution limits are the same as regular 401(k) plans, allowing both employee and employer contributions.

#### Seek help from a professional

As there often seems to be an unmanageable number of variables in navigating your retirement picture, the aid of an experienced financial professional can be a valuable resource.

Investment Services offered through CFS\*

Source:

<http://www.irs.gov/pub/irs-pdf/p560.pdf>  
<http://www.dol.gov/elaws/pwbaplan.htm>

## Have you read...

**Retirement Plans for Individuals and Small Businesses:** by Nicholas Kaster & Glenn Sulzer. For an individual or a small business owner, a retirement plan can accomplish two main objectives. First, it can lower taxes, either currently or in the future. Second, it can provide a means by which the individual or his or her employees, if any, can provide for a financially secure retirement.

## Interested in Learning More?

I specialize in helping people maintain a healthy financial balance and discover smart money strategies. Call me to set an appointment to review your investment objectives, and to discuss any questions you might have. I look forward to speaking with you!  
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