

POTENTIAL QUALIFIED PLAN OPPORTUNITIES

Throughout the years, we've found that our business associates have missed strategic opportunities to increase their assets under management. Here are the most common opportunities that we've uncovered.

SITUATION 1 - MAXED OUT CONTRIBUTION	
Business Owner, with or without a spouse and no other employees, who is contributing the maximum of \$70,000 to a SEP or Individual (k).	
PROBLEM	SOLUTION
Owner is not aware that he can save even more with a Cash Balance Plan.	Establish a Cash Balance Plan, where the tax- deferred contributions can be as high as \$400,000 depending on the owner's age.
SITUATION 2 - FAILED ADP TEST	
Businesses and Partnerships that have few employees, relative to the number of owners.	
PROBLEM	SOLUTION
Owner minimizes his contributions to avoid failing the ADP test.	Apply the Top 20% HCE rule to improve test results at no additional cost to the owner. OR Add a Safe Harbor contribution, where the benefits provided to the owner can outweigh the staff costs.
SITUATION 3 - MAXIMUM 401(k) DEFERRAL LIMIT	
Small/Midsize closely held businesses or partnerships.	
PROBLEM	SOLUTION
Owner does not realize that he can contribute significantly more than the maximum 401(k) deferral limit.	New Comparability Testing provides the owner with a tax deferred maximum contribution of up to \$81,250 (\$70,000 + \$11,250) with very little staff costs. Adding a Cash Balance Plan provides the owner with a tax deferred maximum contribution in excess of \$400,000 depending on the owner's age.

These are just three very common situations that can significantly increase the amount of assets you have under management. **ERP Retirement Services** can assist you in determining which plan solutions will work best for your clients. Requesting a customized plan design and proposal is easy. A company census is all that is needed to get started.