Pursuant to the 2006 Pension Protection act, rules related to qualified retirement plans have changed, allowing potentially greater income tax deductible contributions and more flexible annual testing. Currently, most plan designs consist of a combination of 401(k), profit sharing, and defined benefit plan. These designs afford the business owner the large income tax deduction in the defined benefit plan, the flexibility in the defined contribution plans, and more control over the overall costs of offering retirement benefits to the eligible employees.

Requested retirement plan features typically include the following:

- The ability to make larger tax deductible contributions
- The containment of employee costs
- The flexibility in investment and product choices
- The ability for the business owners to determine individual contributions to the plan design (subject to IRS guidelines)
- The protection of Plan Assets under federal guidelines
- A plan that meets current rules and regulations
- The ability to address planning needs (life insurance) on a pre-tax basis (wealth transfer, business, estate, etc.)
- The ability to continue tax deferral and potential asset protection should a partner/shareholder retire or leave
- Portability
- Business continuation options

Motivation

- A majority of business partners have requested a plan to set aside additional earnings on a tax deductible basis (in addition to their current 401(k)/profit sharing plan contributions).
- From a partner recruitment/retention perspective, it is important to have a plan that is competitive, one that offers significant income tax deduction and asset protection.

Plan Design

- Business owners will have the initial option to participate at the benefit levels determined by the Plan design.
- Initial elections generally remain stable from year to year but changes may be considered as per approval by the actuary.
- Future owners, including laterals, would be considered in the overall plan design subject to review by an actuary.

Advantages of Participation

Contributions to the Plan would be made on a pre-tax basis and are in addition to any current 401(k) and profit sharing plan contributions that can be contributed with pre-tax dollars. This decreases the annual tax liability by the partner/shareholder in the year contributed.