

401k's & Retirement Plans

Tax savings that pay for your retirement



401k's and other retirement plans for small business are like IRA's on steroids. Higher limits, ROTH provisions, and more employee options make these plans better options for some businesses.

TAX SAVINGS: A properly designed 401k plan coupled with a defined benefit plan can have contribution limits of \$250k per year OR MORE.

LIQUIDITY: Unlike IRA's or SIMPLE's, 401ks allow you to take up to \$50k as a loan, with no tax consequences.

FLEXIBILITY: Employers have more options for contributions for employees and the ability to restrict those contributions with vesting.

ROTH: If your individual income is too high, you cannot make contributions to a ROTH IRA. However, if your 401k has a ROTH provision, there is no restriction for you to participate.

You can setup a new 401k anytime during the year, but the longer you wait, you risk limiting contributions for the initial year. Also, you cannot contribute to both a SIMPLE and a 401k in the same tax year. If you currently have a SIMPLE, you will have to wait until next year to contribute to a 401k. But you should start the process of setting the 401k up BEFORE year end.

Action Items & Next Steps:

- Obtain a census of your current employees including date of hire, date of birth, hours worked, and compensation.
- Send census to Core and receive a no-obligation illustration of your options.