

One-Person 401(k)

The tax law now makes provision for a single-participant 401(k) plan, which is essentially a tax deductible investment program for the business owner. In addition, the old 15% limits have been replaced with much higher deductions.

Business owners can now deduct 25% of salary and an additional \$16,500 (\$22,000 at age 50 and over) can be deducted as personal income deferral. This combination of increased deductions, can shelter substantial amounts of owner/employee income.

The example below demonstrates the new 401(k) rules for business owners age 50 plus.

THE ONE PERSON 401(k)							
Sample 2009 EGTRRA Limits for Business Owners Age 50 and Over							
	<u>TOTAL BUSINESS EARNINGS</u>	<u>Max PLAN CONTRIB</u>	<u>NET SALARY</u>	<u>401K PERSONAL DEFERRAL</u>	<u>TOTAL DEDUCTION</u>	<u>TAXABLE INCOME</u>	<u>% OF EARNINGS SHELTERED</u>
Old Way	\$50,000	\$ 7,500	\$42,500	-0-	\$ 7,500	\$42,500	15.0%
New Law	\$50,000	\$12,500	\$37,500	\$22,000	\$34,500	\$24,875	69.0%
Old Way	\$125,000	\$15,000	\$110,000	-0-	\$15,000	\$110,000	12.0%
New Law	\$125,000	\$31,250	\$ 93,750	\$22,000	\$53,250	\$ 71,750	42.6%

There has never been a better time for small business owners to minimize taxes and maximize their retirement account. We work with some of the nation's top qualified plan experts and our services are complete: plan design, implementation, funding and ongoing administration all under one roof. Why not take advantage of our special knowledge? **You have nothing to loose except taxes.**

Ask us how to offset income taxes on your retirement payout!

***This information is not intended as tax or legal advice. It is simply a sample of what can occur in a particular situation. Please consult your tax advisor or attorney for advice on your exact circumstances.**