

## ▶ OWNER-ONLY BUSINESS

**Objective:** Maximum contribution and tax deduction

**Profile:** Independent consultant age 52, W-2 income of \$300,000, retirement age: 62

**Solution:** Defined Benefit (DB) Plan for 10 years and a 401(k)

	<b>DB only</b>	<b>DB + 401(k)</b>
<b>2010 Contribution :</b>	<b>\$138,500</b>	<b>\$175,200</b>
<b>Tax Savings@ 38% :</b>	<b>\$52,600</b>	<b>\$66,500</b>
<b>Projected DB Accumulation :</b>	<b>\$2.36 Million</b>	
<b>Annual DB Benefit :</b>	<b>\$195,000</b>	

## ▶ EMPLOYEE WITH SIDE-INCOME

**Objective:** Reduce taxes on side income

**Profile:** Professor, age 56, also has sole proprietor income for the last several years from consulting, board fees, speeches, of \$150,000 (after paying self-employment taxes); retirement age: 62

**Solution:** DB Plan for 6 years for side income

<b>2010 Contribution :</b>	<b>\$120,000</b>
<b>Tax Savings@ 38% :</b>	<b>\$45,600</b>
<b>Projected DB Accumulation :</b>	<b>\$984,100</b>
<b>Annual DB Benefit :</b>	<b>\$81,200</b>

## ▶ OWNER-ONLY, W-2 INCOME FLUCTUATES

**Objective:** Reduce taxes, retain flexibility

**Profile:** Engineer, age 48, W-2 income of \$135,000 this year, not sure it will always be this high.

**Solution:** DB Plan for 14 years, optional 401(k)

	<b>DB only</b>	<b>DB + 401(k)</b>
<b>2010 Contribution :</b>	<b>\$52,900</b>	<b>\$77,500</b>
<b>Tax Savings@ 38% :</b>	<b>\$20,100</b>	<b>\$29,400</b>
<b>Projected DB Accumulation :</b>	<b>\$1.64 Million</b>	
<b>Annual DB Benefit :</b>	<b>\$135,000</b>	

## ▶ SPOUSE HAS SELF-EMPLOYMENT INCOME

**Objective:** Invest earned income for retirement

**Profile:** Wife, age 60, has been earning \$100,000 in bookkeeping practice (after self-employment taxes) for the past several years. They don't need the money now & want to invest it.

**Solution:** DB Plan for 5 years

<b>2010 Contribution :</b>	<b>\$80,000</b>
<b>Tax Savings@ 38% :</b>	<b>\$30,400</b>
<b>Projected DB Accumulation :</b>	<b>\$513,600</b>
<b>Annual DB Benefit :</b>	<b>\$45,400</b>

## ▶ MARRIED BUSINESS PARTNERS, NO EMPLOYEES

**Objective:** Maximize retirement savings

**Profile:** Husband & wife doctors, Adam age 60, Eva age 58, W-2 income for each is \$245,000, both plan to retire in 5 years.

**Solution:** DB Plan with 5 years funding, optional 401(k)

	<b>DB only</b>	<b>DB + 401(k)</b>
<b>2010 Contribution :</b>	<b>\$365,300</b>	<b>\$438,700</b>
<b>Tax Savings@ 38% :</b>	<b>\$138,800</b>	<b>\$166,700</b>
<b>Projected DB Accumulation :</b>	<b>\$2.26 Million</b>	
<b>Annual DB Benefit :</b>	<b>\$195,000</b>	

## ▶ SMALL BUSINESS WITH HIGH EARNING OWNER, 1- 4 YOUNGER, LOWER PAID EMPLOYEES

**Objective:** Reach retirement savings goal faster, & provide employee benefit

**Profile:** Dentist, age 55, plans to retire at 62, W-2 income of \$400,000. Three employees, age 28-40, earn \$35-50,000

**Solution:** DB Plan for 7 years for dentist & employees

	<b>Owner</b>	<b>Employees</b>
<b>2010 Contribution :</b>	<b>\$168,000</b>	<b>\$25,200</b>
<b>Tax Savings@ 38% :</b>	<b>\$63,800</b>	
<b>Projected DB Accumulation :</b>	<b>\$1.65 Million</b>	
<b>Annual DB Benefit :</b>	<b>\$136,500</b>	

# OnePersonPlus® Defined Benefit Plan



OnePersonPlus plans allow high income earners the largest IRS approved contribution to a qualified retirement plan while saving huge amounts in taxes. This unique program is especially attractive to clients age 45-70 at higher income levels who are allowed to contribute a significant percentage of their W-2 income.

## Eligibility Checklist

OnePersonPlus isn't right for everyone. Here's a quick test to find out if it's right for your client.

- Client is 45+ years of age
- Client typically earns at least \$100,000 annually in one of these ways:
  - ▶ Owns a business with 5 or fewer permanent employees, including the owner
  - ▶ Is self-employed as primary means of earning a living
  - ▶ Has a second occupation in which client works for himself or herself
  - ▶ Is considered an Independent Contractor rather than an employee
- Client wants to contribute more than \$50,000 annually to their retirement or a higher percent of income than allowed in a 401(k) or SEP
- Client expects to be able to make that contribution for at least three years

## Maximum Annual Contribution Estimates by Owner Age and Income\*

Age:	35	40	45	50	55	60	65
<b>Income</b>	<b>Annual Contribution</b>						
<b>\$50,000</b>	\$4,400	\$7,400	\$13,300	\$26,000	\$43,100	\$45,700	\$40,000
<b>\$100,000</b>	\$8,800	\$14,900	\$26,600	\$52,000	\$86,200	\$91,500	\$80,000
<b>\$150,000</b>	\$13,200	\$22,300	\$39,900	\$78,000	\$129,300	\$137,200	\$120,000
<b>\$200,000</b>	\$17,100	\$29,000	\$51,900	\$101,500	\$168,000	\$178,400	\$160,000
<b>\$250,000</b>	\$17,100	\$29,000	\$51,900	\$101,500	\$168,000	\$178,400	\$196,100

Good Prospects for DB Plan

### Notes:

- Contributions may be increased by adding a 401(k) to a DB Plan
- For younger clients, contributions can be increased by funding the benefits over the first ten years

\* This chart makes the following assumptions. If the actual situation differs, the contribution may be different.

Retirement Age: The later of age 62 or 5 years of participation in the plan

Business Start Date: January 1, 2010

Entity Type: Corporation; Contributions might differ for sole proprietors

Income Type: W-2

## Typical Occupations

Architect	Contractor	Entertainer	Independent Insurance Agent	Physician
Attorney	Dentist	Financial Planner	Manufacturer's Rep	Real Estate Agent
Consultant	Entrepreneur	Independent Corporate Director	Mortgage Broker	Software Developer