TAX PLANNING USING THE QUALIFIED RETIREMENT PLAN

PUGH
CPAs

INTRODUCTION

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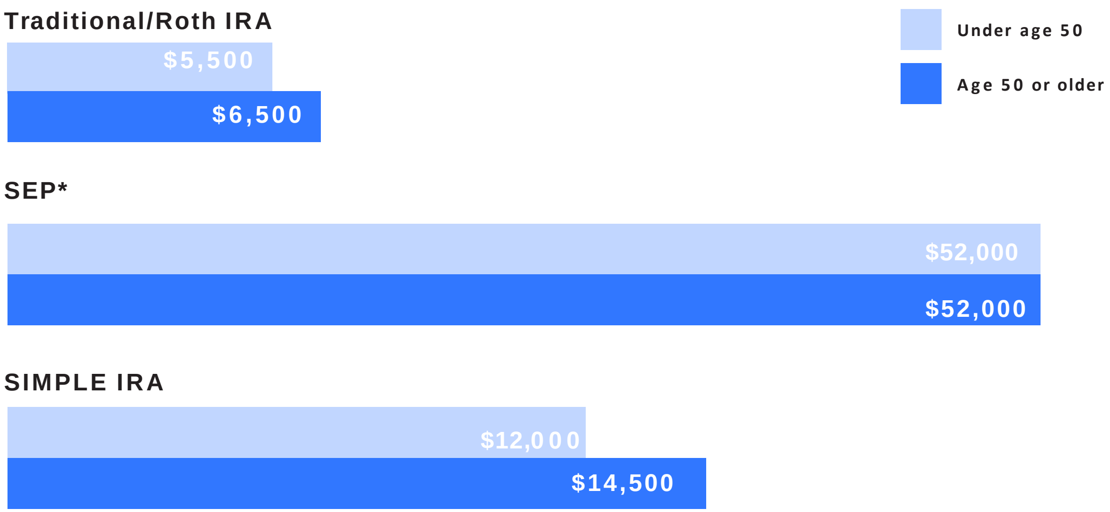
TAX PLANNING USING THE QUALIFIED RETIREMENT PLAN

- **Self Employment Retirement Plans**
  - Traditional/Roth IRA
  - Keogh Plan
  - SEP

RETIREMENT PLAN CONTRIBUTION LIMITS FOR 2014



Note that not all employer plans permit participants who have reached age 50 to contribute the higher amounts indicated. And additional contribution limitations could apply.

** Only SEP plans established before 1997 (SAR-SEPs) may allow employees to make pretax contributions.*

TRADITIONAL/ROTH IRA

TRADITIONAL IRA

- Tax Deductible
  - Phase Out Begins
    - Single - $60,000
    - Joint - $96,000
- Taxed on Distribution

ROTH IRA

- No Tax Deduction
  - After Tax Dollars are used to establish funds
- No Tax on Distribution
  (need to meet certain qualifications)
  - 5 Year Waiting Period
  - Reach Age 59 ½

KEOGH PLAN

What is it?

- Self Employed Retirement Plan
- Tax Deductible
  - Up to 25% of Income
  - Limit of $52,000

KEOGH PLAN

- Must Establish BEFORE Year End
- Deductible Contributions can be made after year end
  - Up until due date of tax return

SELF EMPLOYED PENSION - SEP

- **Can be Established AFTER Year End**
  - Up Until Due Date of the Return
- **Can Contribute up Until the Due Date of the Return**

SELF EMPLOYED PENSION – SEP

What is it?

- Retirement Plan that can be established by:
  - Self Employed
  - Employer
- Tax Deductible Contributions
  - Up to 25% of Income
  - Limit of $52,000
  - Must Contribute to all Employees/Employer at uniform rate

PUGH CPAs

SELF EMPLOYED PENSION – SEP

Benefits to Small Businesses

- Easy to Set Up
- Low or even NO Administrative Fees
- Easy to Administer
- Flexible Contribution Deadline – Until October 15 of the following year
- Employees Immediately Vested

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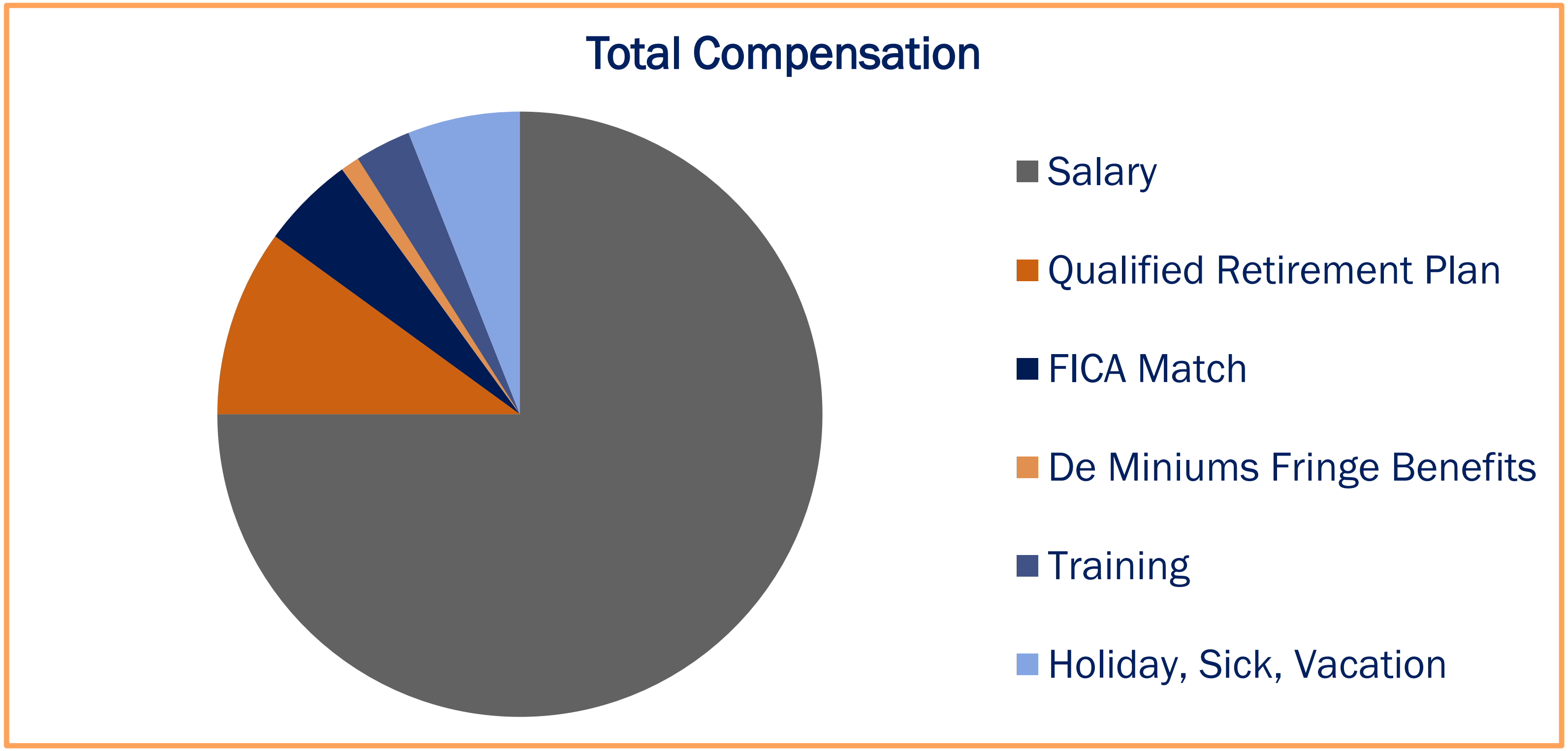
SELF EMPLOYED PENSION – SEP

Eligibility

- Must be at least 21 years old
- Service Requirements
  - Have the option to wait until an employee has been employed 3 years out of the last 5 years
- Can exclude employees with less than $550 of yearly compensation

SELF EMPLOYED PENSION – SEP



WHAT YOU SHOULD REMEMBER

Defer…

Defer…

Defer…

Defer…

Die.

Death is still a good income tax planning strategy.