

Ideas and insight into smarter retirement plans for owners, family members and preferred employees

Did you know that business owners may save as much as \$55,500 for themselves in 2012?

Did you know that owners can pick and choose individual employees to receive additional rewards in a 401(k) plan?

Owners who decide to change plans can have a new plan up and running within a short period of time!

## SIMPLE IRAs MAY NOT BE THE BEST ANSWER

Those business owners earning at least \$245,000 in 2011, with more than one employee, and who are presently sponsoring a SIMPLE plan, face two serious challenges:

- The maximum amount owners can save for themselves is limited to \$11,500 (or \$14,000 if they are at least age 50), plus 3% of their compensation
- The employee contribution expense is large, compared to the benefit that owners are able to achieve for themselves.

**High-income taxpayers should switch strategies to start saving at a higher level in order to reduce taxes and to accumulate wealth for themselves in the future.** By adopting a customized 401(k) profit sharing plan, owners may save as much as \$55,500 per year for themselves in 2012, **on a tax-deductible basis.**

### Timing Really is EVERYTHING:

**A company is not allowed to have a 401(k) plan and a SIMPLE plan within the same calendar year.**

In order for business owners to evaluate whether it makes sense for them to change to a 401(k) plan, **they must STOP making contributions to their SIMPLE plan by December 31, 2011 and tell employees by November 1, 2011** that the contributions are stopping. Otherwise, they will lose their chance to save more in 2012 than what is allowed in their SIMPLE.

### Simple Steps to a SOLUTION:

- **Stop SIMPLE Plan Contributions** – To preserve the opportunity to adopt a qualified retirement plan **with higher contribution levels in 2012**, stop all SIMPLE plan payroll deductions with the last payroll in 2011, **and tell employees by November 1, 2011** that the contributions are stopping. If a decision is made NOT to move to a more powerful plan design, SIMPLE contributions may resume in January of 2012.
- **Contact MandMarblestone for a Complimentary Analysis** – We will work with you to complete a complimentary illustration of current versus proposed plan designs.

### DON'T BE LEFT BEHIND!

Every year, we meet with business owners who are not permitted to benefit from enhanced, pre-tax savings available through our creative, IRS-approved **OCPP®** (One Category Per Participant) plan design because they have made SIMPLE plan contributions in the current year. **Don't let this happen to you or your clients!**

Now is the time for business owners to stop funding their SIMPLE plans and to see the real tax benefits and retirement savings that they can achieve by working with the MandMarblestone

To learn more about our OCPP® plan design or about retirement planning in general, please call the MandMarblestone Group at 215-222-5000.

Group.

### **How to Reach Us**

From initial, no-fee consultation and analysis, through proposal, presentation, implementation, and personal support, contact Bob Mand, Ken Marblestone, Lori Gordon, Ian Haring or Mike O'Connell at MandMarblestone. (215) 222-5000, or e-mail us at:

[rmand@mand.com](mailto:rmand@mand.com), [marblestone@mand.com](mailto:marblestone@mand.com), [lgordon@mand.com](mailto:lgordon@mand.com), [iharing@mand.com](mailto:iharing@mand.com), [moconnell@mand.com](mailto:moconnell@mand.com)

☒☒ You also may reach us through our website: [www.mand.com](http://www.mand.com)

**We also remediate problematic plans to full IRS compliance.**

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