A qualified retirement plan ("QRP") offers one of the most attractive tax shelters available today. If you are self-employed or have your own business entity and you want to create tax advantaged planning and ultimate control over your funds, a qualified retirement plan provides the perfect solution.

**Full Investment Control**

You can serve as the plan trustee of the QRP. As plan trustee, you will have full control to invest your retirement account as you see fit. Unlike an IRA, you do not have to run your investment transaction through a custodian and hope the custodian gets back to you in a timely fashion. There are few limitations on the types of investments that can be made. Our clients utilize their QRPs for investing in stocks, bonds, options, futures, and currency; as well as real estate transactions such as rentals, tax liens, tax deeds, and hard money lending. Unlike IRAs, the QRP is governed by different tax laws and has the ability to acquire real estate using traditional mortgages without the 35% adverse tax consequence of UDFI.
Since you can create your QRP at any bank or brokerage firm, you greatly lower of the cost of administration since you avoid IRA custodian fees.

**Tax Planning**

Tax Deductible Contributions:

With a QRP you have the ability to create tax-deductible contributions for both you and your business. The tax-deductible contributions to your QRP will grow tax deferred allowing you to take full advantage of compounding returns. Once you elect to take plan distributions you will pay tax at your then current tax bracket on the funds. You have the ability to begin penalty free distributions between the ages of 55 and 70.5. Once you reach 70.5 you must take the required minimum distributions from the plan.
Qualified Retirement Plans

The power of tax deferred growth: If you invested $10,000.00 per year for 30 years in a tax deferred vehicle at an interest rate of 15%, you would end up with $5,000,000.00 after 30 years compared to $1,500,000.00 if the investment was subject to taxes. This is a net increase in the retirement account value of $3,500,000.00.

After Tax Contributions with Tax Free Growth:
If you adopt a QRP that allows Roth contributions, you do not receive an upfront tax deduction but the funds will be distributed to you income tax free. The QRP allows you to make both tax-deductible and after-tax contributions. The after-tax contributions are made by you as an employee. These after-tax contributions are currently almost 3 times what you can contribute to a Roth IRA on an annual basis. If your business needs additional tax deductions it can make tax-deductible contributions on your behalf to a tax deferred account. The benefit of this planning opportunity is that you can create both tax-free and tax-deferred retirement wealth.

The key feature of the QRP is that you and your business have full discretion on the contributions depending on income availability for a given year.

Borrowing From Your Plan

Need some extra money? Unlike an IRA, you can borrow from your QRP without penalties or taxes. As a participant you are able to borrow up to 50% of your vested plan balance with a maximum cap of $50,000. This loan is treated as a plan investment and you pay the loan interest back to your plan instead of a bank or credit card company, thus enabling your plan to make money on your loan. Unless the loan is for the purchase of a primary residence you pay your loan back quarterly for up to 5 years.
Qualified Retirement Plans

Consolidation of Accounts

You may roll over funds from an existing qualified plan or a deductible IRA into your QRP. This gives you the ability to access all of your retirement funds from one individual or pooled account. If you are married, you and your spouse can pool your funds in one account to permit even greater investing.
Asset Protection

If you and your spouse are the only QRP participants your funds will receive the same protection as an IRA in your home state. However, if you have at least one other participant in the QRP, your plan falls under the protection of the Employee Retirement Income Security Act ("ERISA"). In a QRP governed by ERISA not only are the funds protected while they are in the plan, your distributions from the QRP are also protected and thus providing one of the best asset protection vehicles in existence.

Under ERISA there are only three instances where your QRP assets may be attached: Spousal support, Child support, and IRS tax lien.

**Benefits over a Self-Directed IRA**

- Full control without the involvement of a custodian.
· No fees paid to a custodian.

· Ability to borrow.

· Leverage funds for real estate transactions.

· Diversity in investment options.

· Superior tax planning opportunities.

· Unsurpassed asset protection.

**Types of QRPs**

**Profit Sharing Plans**

Profit Sharing Plans are governed under section 401(a) of the tax code. All contributions to the Profit Sharing Plan come from your company. These QRPs provide your company the opportunity for phenomenal tax planning and deductions. Your company has the flexibility to contribute between 0% and 25% of the participants earned income to the plan on an annual basis. The company receives a full tax deduction for the contribution. If funds are low in a given year the company can decide to contribute 0%; then if there is excess income in next year, the company can contribute up to 25%.

**Contribution Limits for 2015**

· $53,000 per participant.
Qualified Retirement Plans

Benefits of a Profit Sharing Plan

- Tax deductible contributions for the business.
- Full control as the plan trustee.
- Ability to borrow.
- Ability to roll existing 401(k), 401(a), 403(b), 457 plans and traditional IRAs into your company’s Profit Sharing Plan.
- The plan allows for the flexibility of adding future participants.
- ERISA protection if a non-spouse also participates.

Drawbacks

- The Profit Sharing Plan does not have a Roth component.
- If the business has multiple employees all must be provided the opportunity to participate (subject to the plan requirements) and the company must make the same percentage contribution for all participants.

Roth 401(k)

A Roth 401(k) is actually a normal 401(k) that allows for Roth contributions from the plan participant. The Roth 401(k) provides the opportunity for 3 types of contributions.
The participants make annual contributions (elective deferrals) directly from their paychecks. The participant makes the decision on whether the contribution is tax-deductible or contributed to the Roth account with after tax funds. Unlike a Roth IRA there are no personal income limitations affecting the participant's ability to make Roth contributions to the plan.

The Roth 401(k) also contains a Profit Sharing Plan component that allows the company to also make tax-deductible contributions on behalf of the participant. These tax-deductible contributions are up to 25% of the participant's earned income, thus creating the potential for tax deductions for both the participant and the company.

Even if a participant is not eligible to convert his or her IRA to a Roth IRA because of personal income thresholds, the participant can roll his or her IRA into the Roth 401(k) and convert directly to the Roth account.

**Contribution Limits for 2013**

- Participant age 49 and younger: $18,000.

- Participant age 50 and older: $24,000.

- Company may contribute up to 25% of participant's salary.

- Maximum combined contribution age 49 and younger: $53,000.

- Maximum combined contribution age 50 and older: $59,000.
Benefits of a Roth 401(k)

- A participant’s Roth contributions are not subject to personal income limit restrictions.
- Tax deductible contributions for the business.
- Full control as the plan trustee.
- Ability to borrow.
- Ability to roll existing 401(k), 401(a), 403(b), 457 plans and traditional IRAs into your company’s Roth 401(k).
- The plan allows for the flexibility of adding future participants.
- ERISA protection if a non-spouse also participates.

Drawbacks

- Administration can be more complicated versus a Profit Sharing Plan because of the option to create various sub-accounts.
- If the business has multiple employees all must be provided the opportunity to participate (subject to the plan requirements) and the company must make the same percentage of profit sharing plan contribution for all participants.
Solo Roth 401(k)

A Solo Roth 401(k) is a streamlined version of the Roth 401(k). It is designed for small businesses where the only employees are a spouse and/or a business partner. Despite its name, the Solo 401(k) does not have to be set up off of a sole proprietorship. A Corporation (C or S), Partnership, or LLC can adopt a Solo 401(k) provided the employee limits are satisfied.

Contributions the Solo Roth 401(k) are identical the Roth 401(k) with one exception. If the Solo Roth 401(k) is adopted by a sole proprietorship the maximum tax-deductible contribution that can be made from the business is 20% of net adjusted business profits. Corporations, Partnerships, and LLCs that adopt a Solo Roth 401(k) can elect to make tax-deductible contributions up to 25% of the participant's earned income.

Contribution Limits for 2013

- Participant age 49 and younger: $18,000.
- Participant age 50 and older: $24,000.
- Company may contribute up to 25% of participant's salary.
- Maximum combined contribution age 49 and younger: $53,000.
- Maximum combined contribution age 50 and older: $59,000.

Benefits of a Solo Roth 401(k)
Qualified Retirement Plans

- A participant's Roth contributions are not subject to personal income limit restrictions.

- Tax deductible contributions for the business.

- Full control as the plan trustee.

- Ability to borrow.

- Ability to roll existing 401(k), 401(a), 403(b), 457 plans and traditional IRAs into your company's Roth 401(k).

- The plan allows for the flexibility of adding future participants.

Drawbacks

- Administration can be more complicated versus a Profit Sharing Plan because of the option to create various sub-accounts.

- Not subject to ERISA protection.

- If the business hires new employees the plan must be modified to a Roth 401(k).