

RETIREMENT PLANS

What's the right choice for you?

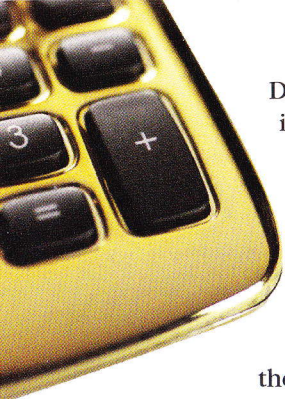


^{SCOTT J.}
Faye CPA PC

One Executive Blvd., Suite 103, Suffern, NY 10901

Tel (845) 368-1020 ■ Fax (845) 368-1153

Scott@FAYECPA.com ■ www.FAYECPA.com



Despite their relative complexity, retirement plans are one of the best tax breaks available.

By contributing to a plan, an individual can both cut taxes and save for retirement. Businesses that offer retirement plans to their employees can not only cut

their taxes, but also they may

be better able to attract and retain talented employees.

Here is a brief introduction to the main plans that are available.

Individual retirement account

Subject to income limitations, working individuals and nonworking spouses can contribute to a traditional IRA or a Roth IRA.

Traditional IRA

With a traditional IRA, you take a tax deduction for the year that you make your contribution. (Note that deductibility phases out if your income exceeds certain levels and you have a company plan at work.) Contributions and earnings grow tax-free until withdrawn; then they are subject to regular income tax.

If your contributions were not deductible, only the earnings are taxed when you take qualifying withdrawals.

Roth IRA

With a Roth IRA, contributions are not deductible, but there's an important, offsetting benefit: qualifying withdrawals are not subject to income tax.

Spousal IRA

A working spouse can make an IRA contribution on behalf of a nonworking spouse provided a joint return is filed.

myRA

A myRA ("my Retirement Account") is a simplified Roth IRA. You contribute to a myRA by having your employer make direct pay-check deposits to your account. You also have the option of making direct deposits from a checking or savings account or from your federal income tax refund. The contributions are invested in government-guaranteed Treasury securities. Your myRA belongs entirely to you and can be moved to any new employer that offers direct deposit capability. Regular Roth IRA annual contribution limits apply to myRAs.

SIMPLE plan

SIMPLEs (Savings Incentive Match Plans for Employees) are available to self-employed individuals and to businesses that have no other plan and 100 or fewer employees. SIMPLEs permit employees to make pre-tax contributions to a SIMPLE IRA or a SIMPLE 401(k). Employers are required to make a contribution for each eligible employee.

The main attraction to SIMPLEs is that they are easier to administer than traditional company retirement plans.

SEP plan

A SEP (Simplified Employee Pension) is also known as a SEP-IRA. This retirement plan lets you establish individual retirement accounts for yourself and your eligible employees. You can also have a SEP if you are self-employed. Setting up a SEP can be as simple as completing a short, written agreement. Other than annual disclosure statements to employees, there are no filing requirements.

SEPs can be funded only by employer contributions, but SEPs offer flexibility to employers because they can decide each year how much to contribute. Unlike other plans, SEPs can be established up until the extended due date of your company's tax return.

401(k) plan

Under a 401(k) plan, workers can elect to have their employer contribute part of their salary to the plan. Though these plan contributions are subject to social security tax, they are not subject to income tax until money is withdrawn from the account. A 401(k) can permit employer contributions, such as matching or profit-sharing contributions. 401(k) plans can be costly to administer, and they are subject to complex tax and reporting requirements.

Solo 401(k) plan

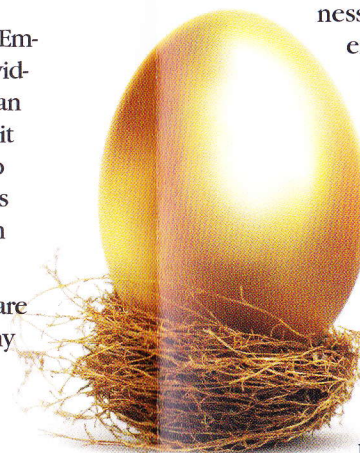
The solo 401(k) plan is designed for businesses where the owner is the only employee. Solo 401(k)s are less complex, less burdensome, and less costly to manage than traditional 401(k) plans.

Both incorporated and unincorporated businesses can set up a solo 401(k) plan. Even if you're self-employed, you're still considered an employee of the business.

Under an individual 401(k) plan, you can elect to contribute part of your earnings to the plan, and your business can also make tax-deductible contributions to your account.

Roth 401(k) plan

With a regular 401(k), your elective salary deferrals reduce your taxable income and grow tax-deferred - meaning you'll owe income taxes on distributions taken from these accounts down the road. Contribute to a Roth 401(k) instead, and you lose out on the current deduction for your salary deferrals, but your contributions grow tax-free and can be withdrawn tax-free, provided certain conditions are met.



Choosing your plan

This brief overview by no means includes all the details you need in order to make informed decisions about retirement plans.

Not every plan is available to everyone. Contribution limits vary, depending on the plan, your income, and your age. Withdrawals may be required at a certain age for some plans, and they may be taxed or tax-free depending on the rules governing the particular plan.

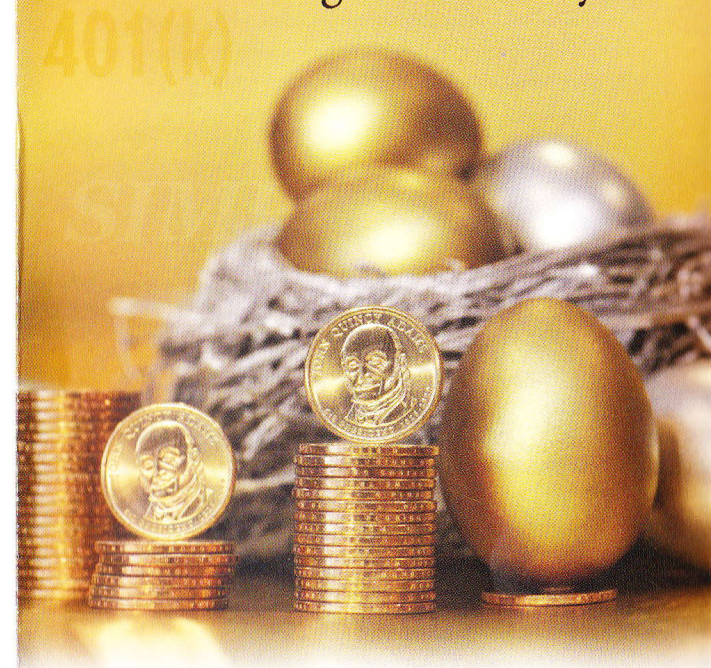
A tax credit may be available to some businesses for setting up a plan and to some individuals for contributing to a plan.

The rules for retirement plans are among the most complex in the tax law. Before you make decisions in this area, call us. We're here to help.

Information presented in this brochure is of a general nature and should not be acted upon without further details and/or professional assistance.

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