

## Business Solutions: Solo Defined Benefit

The Solo Defined Benefit is a unique age-based plan designed for owner-only businesses without employees. It's ideal for sole proprietors, partnerships and S-corporations employing only owners and spouses. The Solo Defined Benefit typically works best for business owners age 40 and up with substantial amounts of disposable income. The plan allows significant contributions each year, which are tax deductible, and potentially provides tens of thousands in tax savings.

### Key Features of a Solo DB

- Reduced tax liability
- Spouses & children may participate
- Generous contribution limits
- May be paired with a 401(k) plan

### Considerations of a Solo DB

Max Contributions:	Contribution formulas could potentially exceed 100% of compensation based on age, service and business type.
Revenue:	Business must have stable profits or cash flow.
Other Requirements:	Once adopted, the plan must be funded annually until the business terminates.
Deadline to establish:	December 31 of the plan year

### Calculations of a Solo DB

Retirement plans are a great way to take advantage of many tax benefits. Partners in a corporation could save significant amounts in a Solo Defined Benefit plan. The example below illustrates contributions and estimated tax savings assuming a 34% tax rate.

Hill Consulting Corporation			
	Compensation	DOB	Estimated Contribution
<b>Jill</b>	\$ 100,000	01/01/1956	\$ 105,200
<b>Jack</b>	\$ 100,000	01/01/1959	\$ 99,300
	<b>Maximum Estimated Contributions</b>		<b>\$204,500</b>
	<b>Total Estimated Tax Savings</b>		<b>\$69,530</b>

Each business is unique and has unique planning considerations. Contact your HD Vest Advisor to help you determine your retirement plan needs and to help you establish the most appropriate plan for your circumstances.