

Our high contribution retirement plans may allow your self-employed and small business clients to take advantage of the new pass-through deduction



SEE HOW MUCH YOU OR YOUR CLIENT COULD CONTRIBUTE & SAVE ON TAXES

GET STARTED

Using Retirement Plans to Qualify for Section 199A Pass-Through Deduction

Cash Balance and Defined Benefit plans can potentially bring your small business and self-employed clients below the taxable income thresholds (\$321,400 married tax payer, \$160,700 single tax payer in 2019) and save them tens of thousands of dollars in tax liability. These plans offer large “above the line” tax deductions. In many cases, these deductions lower taxable income sufficiently to qualify the tax payer for the additional 20% deduction and even lower their tax bracket.

Sole Proprietor Opens Defined Benefit + 401(k) Plan to Build Retirement Wealth

PROFILE

James, age 52, is married. He owns a successful financial advisory with no employees. James nets \$500,000 (after paying self-employment tax) as an independent financial advisor and would like to retain more of his earnings.

NEW DEDUCTION

As an owner of a pass-through entity, the advisor could qualify for a new tax deduction (Section 199A) of up to 20% of his Qualified Business Income if his income is below the \$321,400 threshold for married couples.

OBJECTIVE

Build retirement wealth while maximizing tax savings

SOLUTION

Defined Benefit Plan and 401(k) for 10 years

With a DB + 401(k) Plan

Net Profit:	\$500,000
DB + 401(k) Contribution:	\$238,300
Qualified Business Income:	\$261,700
Pass-through Deduction:	\$52,340
Taxable Income:	\$209,360

\$38,600 Tax Bill
\$86,790 Tax Savings*

* Compared to no DB/401(k) and 199A deduction

Do you have a high-income client like this?

Learn More about Defined Benefit Plans

Small Business Owner Opens Cash Balance + 401(k) Plan to Maximize Tax Savings

PROFILE

Dr. Smith is 62 years old and married. She has 4 employees. She generates income through her business and is paid W-2 income. With a healthy income of \$620,000 a year, Dr. Smith would be a suitable candidate to use a Cash Balance and 401(k) Profit Sharing plan in order to lower her taxable income.

NEW DEDUCTION

As an owner of a pass-through entity, the doctor could qualify for a new tax deduction (Section 199A) of up to 20% of her Qualified Business Income if her taxable income is below the \$321,400 threshold for married couples.

OBJECTIVE

Lower taxable income to maximize tax savings

SOLUTION

Cash Balance with 401(k) Profit Sharing Plan

With a CB + 401(k) Plan

Net Profit:	\$620,000
CB + 401(k) Contribution:	\$339,700
Qualified Business Income:	\$280,300
Pass-through Deduction:	\$56,060
Taxable Income:	\$224,240

\$42,170 Tax Bill
\$125,370 Tax Savings*

*Compared to no CB/401(k) and 199A deduction

For Dr. Smith, a Cash Balance and 401(k) Profit Sharing Plan offers a tremendous amount of value both in retirement savings (\$329,000 for her, \$10,700 for the employees) and tax savings

Do you have a high-income client like this?

[Learn More about Cash Balance Plans](#)

Typical Client Profiles

If you have clients who are independent professionals, small business owners or individuals with side income, a high contribution retirement plan might help them save on taxes and build retirement wealth.

[See More Client Examples](#)

Ready to Talk?

Our Plan Consultants are **ALWAYS AVAILABLE**, even on weekends by appointment to help you help your clients.

CALL: 866-269-2706

or contact us at DBPlans@dedicated-db.com when you have small business retirement questions.

We are here for you.

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