OnePersonPlus®
Defined Benefit Plan

Instructions for Establishing an Investment Account for a OnePersonPlus® Defined Benefit Plan

Once the business owner has signed the plan document and adopted the OnePersonPlus plan, Dedicated Defined Benefit Services (Dedicated DB) will obtain a Trust Identification Number (TIN) for the new plan. The business owner will need to open an investment account and choose the appropriate investments. Only one account will be opened for the plan, regardless of the number of participants. In a Defined Benefit plan, all assets are maintained in a single account for the benefit of all participants. The investment account should not be opened until after the adoption agreement has been signed.

Opening the OnePersonPlus® Defined Benefit Investment Account

1. Open a single investment account only after the adoption agreement has been signed and you have been provided with a Trust Identification Number (TIN) by Dedicated DB.
2. Establish the investment account in the name of the trust. For example, if the name of the firm is John Jones, LLC, the account would be named John Jones, LLC Defined Benefit Plan and Trust.
3. Use the unique TIN provided by Dedicated DB for the account holder's ID.
4. The account application form would be the form your broker/dealer normally uses in opening a qualified retirement plan account.

Funding the OnePersonPlus® Defined Benefit Investment Account

1. Once the account has been opened, the business owner can begin making contributions. If contributions are made prior to the end of the year, the contribution should not exceed 50% of the estimated contribution. Any contributions made during the year must be credited with interest and could reduce the total contribution. Any excess, non-deductible contribution may be subject to a 10% excise tax.
2. Contributions must be made by the due date of the tax return (including extensions) to be deductible. Contributions made after this date will not be deductible for the current year.
3. Contribution must be made no later than 8½ months after the plan year-end to meet minimum funding requirements. This means that for a calendar year plan, contributions must be made not later than September 15 to meet the minimum funding requirements and avoid any penalties.

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Choice of Investments

The choice of investments is up to you. Dedicated DB has no requirements as to what they should be. They can be individual stocks, bonds, mutual funds, ETFs, etc. at the financial institution of your choice. For optimal business tax deductions, the portfolio should be designed to closely mimic the funding rate, generally between 5% - 7%, that is used to determine the benefit under the plan. If there are no other changes, such as compensation, years in which the investment performance exceeds the funding rate will generally reduce the following years' contributions, potentially decreasing the tax-deductible contribution. If investments fall short of the funding rate, the following years' contributions will generally increase.

Annual Funding

Each year, Dedicated DB will calculate and notify you of the contribution amount required to fund plan benefits. Contribution amounts may vary from year to year, even if the plan was designed to provide a specific contribution. This variance is due to changes in the compensation of the participants, addition of new participants or termination of a current participant, investment gains and losses, and changes in the limitations on benefits. If there are no other changes, the closer the investment returns track the assumed rate, the less the contribution will vary. Although it is possible to amend or terminate the plan due to unforeseeable circumstances, this cannot be done retroactively so any change in circumstances should be communicated to Dedicated DB as soon as possible.

If you have questions concerning the design of the plan and estimated contribution, contact Dedicated DB technical sales at 866-269-2706.

If you have questions concerning the operation of the plan, contact the Dedicated DB retirement plan consultant assigned to the plan at 800-982-6961.

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