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Why Have a Qualified Plan?

Whichever qualified plan you choose, they all have important advantages for you – the employer:

- They enhance your competitive position in the labor marketplace.
- They provide your employees, including management, with logical, effective ways to accumulate capital and/or retirement income.
- They provide you with tax deductions for your plan contributions and administrative expenses.
- Profit sharing plans and 401(k) plans motivate employees to take a more personal interest in the company's
- Employee stock ownership plans can increase cash flow and working capital, can create a market for closely held stock, and can provide cash for current stockholders.
- Can be used in a profit sharing context to increase employee commitment and productivity.

How much capital could you accumulate over a 30 year period with qualified plans? Here's an example: If you start a money purchase pension plan and a 401(k) plan now... with combined annual funding to your accounts in those plans of $30,000 and an annual investment return of 8%, your account balance after 30 years would be over $3,000,000. All from a tax-deductible employer contribution of only $900,000.

In short, qualified plans offer you the opportunity to tailor an employee retirement program to your needs as well as your employees'. We have discussed only a few of the advantages and considerations for you to study in this pamphlet. There are certainly others.

Our firm has professionals who can assist you in conducting a thorough analysis of you existing qualified plan benefits program, or can help you create a new program. We can help with plan design, promotion, and administration, in the most cost-effective way possible for your organization. You and your employees deserve nothing less.

Qualified plans provide your company with tax deductions and help your employees accumulate capital.

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Some Questions to Ask...

Any type of qualified plan can be very successful with sound design, promotion, implementation, and administration. Choosing the plan that's best for your organization depends on a thorough analysis of the following factors:

Workforce Demographics

Who comprises your workforce: Are they predominantly young or old? Are they mostly primary or secondary wage earners? Is your workforce primarily married or single? How high is your employee turnover? Is it easy for you to replace good workers? Are your employees highly motivated and productive?

Cost Consideration

How much money can you afford (or do you desire) to spend on deferred compensation and retirement benefits? Consider both the funding and administration of the plan. Do you expect your budget for these programs to rise, stay the same, or decrease in the future? How much do you feel employees should contribute toward their own retirement?

Legislative/Tax Regulations

How does current and pending legislation affect your current plan? Which plan makes the most sense for your organization based on legislative requirements and tax guidelines?

Employee Expectations

What do your employees expect in the way of retirement plan benefits? Have they indicated the plan features they prefer through surveys, exit interviews, or the 'grapevine?'

Other Considerations

Do you currently have qualified plans that need revision due to tax law changes or other circumstances? Are you actively seeking ways to attract additional capital funding for your company? Are you owners or other key executive involved in estate planning decisions?

The answers to these questions will dictate which type or types of qualified plans are best for you.