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Retirement Fund Way to Cut Taxes

If you are a small business owner who wants a way to reduce the amount of taxes you pay, here's a surefire way to do it – start a retirement fund for your workers. A retirement fund would benefit even new workers as the job market is showing signs of recovery. This means more people are looking for jobs and offering them an individual retirement plan or 401(k) is just the right incentive to employ the best workers.

For your benefit, the contributions you make to the retirement plan on behalf of your employees are tax deductible. You can go to www.irs.gov and refer to IRS Publication 560 Retirement Plans for Small Business to get further details. If you require professional advice on how to start a retirement plan and get the most tax benefits from it, call us at (813) 229 7100 or toll free (888) 438 6474. We will tell you which retirement plan will benefit you the most based upon your business.

Generally, if you are a small business owner, a retirement plan that is both economical in terms of time and money is the Simplified Employee Pension or SEP. This plan requires the smallest amount of paperwork and reporting. Your employees (or prospective employees) will like this plan, too because under this plan, the employer not the employee makes contributions to the SEP account. Furthermore, it's simple to start an SEP. Just fill up Form 5305 Simplified Employee Pension – Individual Retirement Accounts Contribution Agreement and you're good to go.

Another type of retirement plan is the Savings Incentive Match Plan for Employees or SIMPLE. Under this plan, the employer match the employee's contribution to the plan. The SIMPLE is only for businesses with 100 employees or less who each contributed at least \$5,000 in 2010. To set up a SIMPLE, you need two forms – Form 5305-SIMPLE

and Form 5304-SIMPLE. Both the SEP and SIMPLE forms do not need to be sent to the IRS. For further details on starting the SEP or SIMPLE for your business, call us at (813) 229 7100 or toll free (888) 438 6474. Besides these two plans, there are others that require more time and paperwork to be filed with the government. So if you wish to consider these more complex retirement plans, you should consult a tax attorney.

Bear in mind the tax deadlines that affect the setting up of your retirement plan. September 15 is the deadline to make retirement plan contributions for companies that got extensions from the March 15 deadline to file their 2010 tax returns.

October 1 is the deadline for most businesses to set up a SIMPLE plan for 2010 whereas October 17 is the last day for sole proprietors to set up the SEP who got extensions of the April 18 deadline to file their 2010 returns. For more complex plans, the deadline is the end of the year.