



**PENSION STRATEGIES**

*QUALIFIED PLAN DESIGN & ADMINISTRATION*

## Strategic Update

*Ideas, news and tips from Pension Strategies*



November 2015

# Year-End Tax Planning: Avoid Costly Retirement Plan Mistakes

For most companies their retirement plan is an integral and necessary tool used in conjunction with year-end tax planning. A missed retirement plan deduction would have a serious effect on taxable income. Here are a few common mistakes that can cause a loss of retirement plan deductions: *The company's 2015 pension deduction could be lost if –*



- There is no company resolution before year end to establish the plan.
- The plan document was not prepared and signed before year end.
- An employee's 401(k) deferral was not withheld and funded before year end.
- A 401(k) actual deferral percentage test was failed or a timely safe harbor notice was not issued.
- The company's retirement plan contribution was not funded by the time for filing the company's income tax return including extensions.
- The company forgot to terminate their old SIMPLE plan before the start of the current year.
- An employee/owner already contributed to another 401(k) plan.
- The combination of necessary earned income and plan contribution for the business owner exceeded the proprietorship or partnership income.
- A Subchapter S corporation at year end did not have sufficient tax basis to absorb the pension contribution.
- The owner of a Subchapter S corporation lowered his W-2 income to save payroll taxes leaving insufficient earned income to support the desired pension contribution.

In addition to those pitfalls there are others that can be discovered well after year end. Was there a new company formed with the same ownership and employees were excluded? Were there unexpected changes in asset values that affected the contribution? Were there surprises with unexpected changes in the census of eligible employees?

The list of potential issues is extensive. Mistakes related to your retirement plan can result in a significant impact on your finances. Pension Strategies is here to help you avoid mistakes. We are dedicated to making your retirement plan perform to your expectations. To do that we need timely information. If you or your advisors have questions during this tax planning time please call us. We will help you manage these potential issues.

## UPCOMING DEADLINES

### December 1st

This is the last date to send safe harbor notices for 401(k) deferrals starting in January 2016.

### December 31st

Qualified retirement plan must be established by this date for a calendar year-end sponsor company to make deductible contributions for 2015.

## About Pension Strategies

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What action, if any, do you want your

## Alert: 2016 Retirement Benefits Announced

The Internal Revenue Service and the Department of Labor have spent many hours this year reviewing and studying the 2015 and prior years' retirement plan limits to determine the 2016 limits. They reviewed the public's needs, current compensation levels, and cost of living changes. Then, after this exhaustive review they concluded they would do nothing. All of the compensation and funding limits for 2015 will remain the same for 2016.



## Pension Strategies News

We are happy to announce recent promotions within the company. David Schattenberg, Julie Thompson, and Brian Wohrle (above, left to right) have been promoted to Managing Directors. Together with the Principles of the company they will be guiding the operations and developing company policy and growth. We all congratulate David, Julie, and Brian and look forward to their future management contributions.

Please let us know if you would like us to address any topics in upcoming issues of Strategic Update. We're here to be your best resource in the Retirement Planning industry.

Sincerely,

members to take? Add a "Find out more" link to additional information that you may have hosted on your website

Jack Lawless, CPA, APM  
Pam Johnson, QPA, CPC  
Jill Hastings, JD  
David Schattenberg, APA, Senior Consultant  
Mallory Young, Senior Consultant

***And the entire Pension Strategies team***