



# PENSION STRATEGIES

QUALIFIED PLAN DESIGN & ADMINISTRATION

Strategic Update: Ideas, news and tips from Pension Strategies  
March 2016

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## Where do I deduct? *Pension and Profit Sharing Plan Contributions*

It can be confusing where contributions to qualified retirement plans should be deducted. With corporate sponsors the answer is straight forward. But, with some income flow through entities the answer can be complex. The following table provides a simple reference showing where to take the deduction based on the type of sponsoring entity. The references are to the line numbers in the 2015 federal income tax forms:

Federal Form	Owner-Employee Contribution Share	Non Owner-Employee Contribution Share
Form 1040, Schedule - C	Page 1, line 28 of Form 1040, Self-employed SEP, SIMPLE, and qualified plans	Form 1040, Schedule-C, line 19, Pension and profit-sharing plans
Form 1065, Partnerships	Page 1, line 28 of Form 1040, Self-employed SEP, SIMPLE, and qualified plans	Form 1065, page 1, line 18, Retirement Plans, etc.
Form 1120, Corporations	Page 1, line 23, Pension, profit-sharing, etc., plans	Page 1, line 23, Pension, profit-sharing, etc., plans
Form 1120-S, Corporations	Page 1, line 17, Pension, profit-sharing, etc., plans	Page 1, line 17, Pension profit-sharing, etc., plans

- The deduction for the contribution made on behalf of an owner-employee of a sole proprietorships (Schedule-C) or partnership is limited to the net income of Schedule-C or partnership.
- A net operating loss cannot be created with that portion of the plan contribution in flow-thru entities.
- The unused deduction carries forward as a separate item to subsequent years. The deduction limitation does not apply to Subchapter-C or Subchapter-S corporations.
- Plan contributions are actually funded after the close of the sponsor's fiscal year, even when using cash basis accounting for income taxes.

Contact [Pension Strategies](#) if you need additional assistance following the deduction schedule.

# Upcoming Deadlines

## March 15

- Highly compensated 401(k) participants who over deferred and failed the Actual Deferral Percentage test need to cure the failure or the plan must refund the over deferrals.
- Calendar year end corporate income tax returns due.

## April 15

- Calendar year partnerships and individual tax returns due.
- To receive the retirement plan deduction for your calendar year entity the plan contribution must be made by the time for filing the sponsor entity's income tax return, including extensions.

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## Pension Strategies' Employee Health Contest

We are always concerned about the health of our employees. In line with that concern we launched a new health program - GET FIT 2016 \* 90 DAY CHALLENGE. By setting goals to get lean, reduce blood sugar, lose weight, gain muscle mass, and meet an exercise schedule employees will be able to win from a list of prizes. Of course there will be first, second, and third place prizes and a trophy but also prizes for everyone who completes their goal.



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[Learn more about Pension Strategies](#)

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,  
Jack Lawless, CPA, APM  
Pam Johnson, QPA, CPC  
Jill Hastings, JD  
David Schattenberg, APA, Managing Director  
Mallory Young, Senior Consultant  
And the entire Pension Strategies team

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