

Need a 2015 tax-deduction?

A SEP-IRA may be the ideal investment for you

If you own a small business and would like to generate a significant tax deduction along with putting aside some tax-deferred savings for your retirement, a SEP-IRA may be the ideal investment for you.

A **SEP-IRA** (**S**implified **E**mployee **P**ension) is a special type of IRA designed for the small business owner to help fund their retirement by allowing them to make a tax-deductible contribution in the current year. Similar to a personal IRA, a SEP-IRA creates a tax-deduction for the small business owner and allows them to invest tax-deferred towards their retirement. One of their biggest benefits to the small business owner is that up to \$53,000 (2015 limit) can be put into a SEP-IRA annually (*and create a \$53,000 current year tax deduction*) as opposed to \$6,500 annually for a traditional IRA. Some other important features of a SEP-IRA are summarized in the table below.

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| Eligibility | Must be a sole proprietor, business owner, a partnership or generate self-employed income by providing a service |
| Taxes | Tax-deductible contribution for current year Tax-deferred growth until cash is taken out |
| Contribution rules | Voluntary contribution of up to 25% of salary to a maximum of \$53,000 for 2015 No annual requirement for contribution |
| Administrative costs and responsibilities | Easy to establish. Employer fills out a 1-page form on implementation of SEP-IRA No annual plan filings with IRS Must be set up by business filing deadline Employees must be notified of employer's contribution |
| Employee's responsibility | Must open an individual SEP-IRA account |
| Withdrawal rules | Same as traditional IRA |
| Investment choices | Same as traditional IRA |
| Eligibility requirements | Set by business owner within guidelines |

If you are self-employed or run a small business and are looking for a simple way to put away a significant amount of money for retirement and get a current year tax-deduction, setting up a SEP-IRA can be a great way to accomplish both. Please feel free to contact me for a no-cost, no-obligation review so you can make an informed decision as to whether a SEP-IRA makes sense for you.



Elliot Goldberg is an independent Registered Investment Advisor specializing in helping clients generate dependable lifetime income for their retirement. Please contact him for more information at (610) 999-3599 or eg@goldata.com.

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