

When is a Small-Business Owner a Good Candidate for a Defined Benefit Plan?

1. Few or no employees:

Best case: either a. No employees,
or b. No employees other than family members,
or c. Employees, none of which work more than 1,000 hours
in any year.

Next Best: a. Young employees,
and/or b. High turnover.

2. At least age 40. (The older the better!)

3. Already has 3 consecutive years with significant compensation.

4. Can commit to sheltering income annually, typically without access to the funds until retirement.