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TAX SEASON IS OVER: PLANNING SEASON IS NOW!

By now accountants have met with their business clients and prepared returns or filed extensions for the 2018 tax year. With this review fresh in your mind, now is the perfect time to use what you have learned about these clients and do some planning for 2019. Small businesses are in constant change. Did they grow or shrink last year, make more or less money, and what are their prospects for 2019? Do they have an existing retirement plan and if so, what kind? By knowing the answers to these questions, you can plan and maximize their retirement plan options for 2019.

For clients who have been growing, a careful review of an existing retirement plan is in order as new participants may become eligible for this year. Clients who have a SEP need to look at 401(k) safe harbor plans as a way to manage increasing employer contributions. Clients who currently have a SIMPLE are stuck for 2019, but can be prepared to terminate it in November and start a 401(k) plan effective January 1, 2020.

For those "Owner-Only" businesses who have recently began hiring employees, by reviewing and starting a plan now, everybody has time to contribute for 2019. In addition, a small business owner mayl get a "free" year of contributions as their employees may not yet be eligible. If an owner's compensation is less than $224,000, a 401(k) plan will get them higher contributions than a SEP.

For clients who have had growth in profits, adding a Defined Benefit Plan may be in order. By looking at it now, it gives the client time to plan and accumulate the cash needed to fund this type of plan. Anytime a business grows, a plan review is in order.

Clients who have existing 401(k) plans may want to consider adding a spouse to the workforce. By using a safe harbor arrangement, both spouses can take advantage of the maximum 401(k) deferral limits ($19,000 plus $6,000 for those age 50 or order in 2019) and receive the employer safe harbor contribution.

Clients with existing Defined Benefit Plans need to pay particular attention at this time of the year. If they wish to amend the plan to decrease contributions for 2019, notices and amendments should be done by June 1st (or before a participant works 1000 hours). If your clients went on extension to give them time to fund their 2018 contribution, will the 2019 contribution requirement be too big of burden to bear? By identifying and discussing this with clients now, you will save them financial stress in the future.

In addition, with the stock market fluctuations, a review of past and present earnings can dictate funding requirements for 2019. How are their investments doing? Anything substantially greater or less than 5 percent will affect funding levels for 2019.

What needs to be done?
Setting up and reviewing plans is an easy process. We are here to help in the proposal and review process with experienced staff and legal expertise. It starts with a review of the existing plan's legal documents and administration. By getting estimated payroll data for 2019, our staff will prepare a proposal with possible solutions so that your client will be prepared for 2019.

We have created a "Tool Box" containing all our basic information so you can access information from your computer or a cellular device while meeting with clients or as a quick reference. Check it out here.

Finally, we are presenting three free **retirement plan webinars** in June that will cover and review everything you need to know about defined contribution and defined benefit plans along with the laws that govern them. Sign up here.

In conclusion, now is the time to plan. You have just reviewed their financial status for 2018 and know who needs a change. Get us involved. You and your client will be glad you did.