

2009 Tax Planning Concept

When the 401k / Profit Sharing Plan is maxed out – what are the next tax planning tools for Business Owners and Medical Professionals?



	<i>TFS, Inc. ~ Section 79 Supplemental Retirement Plan</i>	Deferred Compensation	Section 162 “Executive Bonus Plan”
Current C Corp Deduction	Yes – 100%	No	Yes – 100%
Future C Corp Deduction	No (because already taken)	Yes – 100%	No (because already taken)
Current Tax to Employee	Yes – Only approx. 60%	No	Yes – But 100%
Future Employee Tax	No	Yes – when received	Depends on investments
Tax Free Growth	Yes	Depends on investments	Depends on investments
Tax Free Distributions to Employee	Yes	Depends on investments	Depends on investments

<u>Summary:</u>	Partially taxable now, tax-free growth, and tax-free distributions	No current deduction (tough for small businesses) – only tax deferral	Fully taxable at each step – <u>not</u> real tax planning
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