

Owner(k)

The **Owner(k)** from PenSys is an easy and cost-effective way for an owner-only business to maximize its retirement savings. Business owners will benefit from tax-deductible, tax-deferred savings of up to \$49,000 for 2011 (\$54,500 if you are 50 years old or older) a year. The Owner(k) is suited for owner-only businesses which includes sole proprietorships, closely-held family businesses and corporations.

Owner Benefits

- Larger contributions than with a Simple IRA or SEP Plan.
- Flexibility in plan design.
- Control over plan investments.
- Loan Provisions.

Plan Operation

The Owner(k) retirement plan combines the benefits of salary deferrals of traditional 401(k) plans with the flexibility offered by profit-sharing plans. Business owners can make annual contributions of both salary deferrals and employer profit-sharing, allowing them to save up to \$49,000 in 2011 (\$54,500 if you are 50 years old or older), tax-deferred. While there is no annual tax reporting required until the plan assets reach \$250,000, PenSys believes it is best practice to reconcile assets and file a Form 5500 from the inception of the plan.

How Does the Owner(k) Stack Up Against Other Plan Options?

Here's how the contributions compare for an owner under age 50 making \$100,000 (W-2 wages or Net Self-employment income):

Plan Type	Corporation	Sole Proprietorship
Simple-IRA	\$14,500	\$14,207
Profit Sharing	\$25,000	\$18,587
Owner "K"	\$41,500	\$35,087

Frequently Asked Questions

Q. Can I establish an Owner(k) plan if my business has employees?

An Owner(k) plan is a type of 401(k) plan designed specifically for owner-only or owner and spouse businesses, however the plan may be designed to exclude certain employees. Check with our Design Consultants to see how.

Q. What if my business is incorporated?

An Owner(k) plan can be established by both incorporated and unincorporated businesses (including sole proprietorships, partnerships, LLP's, LLC's and S-corporations). If your business is incorporated, you must draw a salary or wage (i.e., Form W-2 income) to be eligible for an Owner(k) plan.

Q. What is the deadline for establishing an Owner(k) plan?

The deadline for establishing an Owner(k) plan is the last day of your business's tax year (e.g., December 31, for a calendar tax year).



Q. What is the deadline to make an employee salary deferral election?

If you are a sole proprietor or partnership, you must generally make a written employee salary deferral election (specifying the amount of your intended employee salary deferral) by no later than the last day of your tax year. If your business is incorporated, you must generally make a written employee salary deferral election (specifying the amount of your intended employee salary deferral) before the compensation is currently available or paid to you.

Q. What is the deadline for funding my Owner(k) plan?

The deadline for funding the profit sharing portion of your Owner(k) plan is your business tax return due date, including extensions. The deadline for depositing employee salary deferrals depends on whether or not your business is incorporated. If you are an unincorporated business owner, the deadline for depositing your employee salary deferrals is your business tax return due date, including extensions. If your business is incorporated, conservatively, the deadline for depositing employee salary deferrals is the earliest date on which the deferrals can be reasonably segregated from your business's general assets, and no later than the 7th business day following the pay period in which the deferrals are withheld.

Q. Are Owner(k) plans more flexible than other types of business retirement plans?

Owner(k) plans are extremely flexible from a funding perspective. There are two primary components to an Owner(k) plan contribution; a profit sharing contribution that can range annually anywhere from 0 to 25% of compensation, and an employee salary deferral that can range annually anywhere from \$0 to \$16,500 (as indexed for cost of living), plus an additional \$5,500 catch-up contribution for those 50 or older.

Q. Can I take a loan from an Owner(k) plan?

Under the changes brought about by pension reform legislation, both incorporated and unincorporated business owners are eligible to take participant loans from qualified plans, such as Owner(k) plans, provided the plan document allows for participant loans.

Q. What is the maximum contribution that may be made to an Owner(k) plan for one business owner?

For 2011, the maximum contribution that may be made to an Owner(k) plan on behalf of any one business owner is \$49,000 for business owners under age 50 and \$54,500 for business owners age 50 or older (due to special catch-up contribution rules).

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