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*Legal knowledge, human wisdom:  
Helping you plan today, so you can  
sleep better tonight.*

## Retirement Planning for Business Owners

### ***A Practical Guide to Building Financial Security Beyond Your Business***

Most employees save for retirement through an employer's 401(k) plan, along with personal tools like IRAs or Roth IRAs.

But as a **business owner**, your retirement planning comes with additional challenges—and additional opportunities.

Business owners often devote years of time, energy, and money into building their companies, sometimes assuming the business itself *is* the retirement plan. While your business may be a valuable asset, relying on it as your only source of retirement income can be risky. A strong strategy includes setting aside savings **outside** the business and making sure everything fits into your overall estate plan.

This guide introduces the retirement tools available to business owners and explains how they can work together to support a secure future.

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### **Diversifying Your Retirement Strategy**

You have far more retirement plan options than traditional employees—but that also means more decisions to make. Using multiple strategies can help you:

- Reduce risk
- Maximize tax benefits
- Increase long-term flexibility
- Rely less on the business alone

A qualified financial or tax advisor can help you choose the right combination based on your business structure, income, and long-term goals.

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### **Traditional Retirement Plans for Business Owners**

Several established retirement plans can help you grow savings *outside* your business:

#### **Solo 401(k)**

Ideal for business owners with no employees other than a spouse.

**Benefits include:**

- You can contribute both as “employee” and “employer.”
- Higher total contribution limits than many other plans.
- Tax-deductible contributions and tax-deferred growth.

### **SEP-IRA, SIMPLE IRA, and Pension Plans**

These plans allow owners *and* eligible employees to save for retirement.

#### **Advantages include:**

- Tax deductions when you contribute
- Tax-deferred investment growth
- A valuable benefit that supports employee loyalty and retention

#### **Choosing the Right Plan Depends On:**

- Your business income
- How stable your business is
- How many employees you have
- Whether you want (or are able) to contribute to employees’ accounts

Most plans must follow federal nondiscrimination rules, meaning you usually can’t create a plan that benefits only the owner. However, offering a retirement plan often becomes a meaningful benefit for your workforce—and strengthens your business.

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### **Self-Directed Accounts: More Control and More Responsibility**

Some business owners choose **self-directed** retirement accounts, which allow investments in non-traditional assets such as:

- Real estate
- Private lending
- Precious metals
- Shares in privately held businesses

These accounts offer flexibility but come with strict rules, higher risk, and significant penalties for mistakes. They should always be managed with guidance from knowledgeable professionals.

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### **Adding IRAs for Extra Savings**

In addition to your business-based plan, you may also contribute to a:

#### **Traditional IRA**

- Contributions may be tax-deductible (depending on income).

- Earnings grow tax-deferred until retirement.

## **Roth IRA**

- Contributions are made with after-tax dollars.
- Qualified withdrawals in retirement are **tax-free**.

Both types can also be self-directed for expanded investment choices. Contribution limits apply across all IRAs, so be sure to stay within IRS rules each year.

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## **Health Savings Accounts (HSAs): A Hidden Retirement Tool**

Business owners with a high-deductible health plan (HDHP) can contribute to a **health savings account**, which offers:

- **Tax-deductible contributions**
- **Tax-free growth**
- **Tax-free withdrawals** for qualified medical expenses

After age 65, you can use HSA funds for any purpose (though non-medical withdrawals are taxed like income). For many owners, an HSA becomes an additional long-term savings vehicle.

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## **Using Your Business to Help Fund Retirement**

Selling or transferring your business can play a major role in your retirement strategy. A well-planned exit—whether selling to an outside buyer, going public, or transferring ownership—can generate significant retirement funds. Strong legal and tax planning is essential to keep as much of the sale proceeds as possible.

## **For Family-Owned Businesses**

If you plan to pass the business to children or grandchildren, you'll still need to consider:

- How you will access the business's value for your own retirement
- Whether the transition should happen through a sale, a buyout, or a trust
- How to prepare the next generation for leadership

Passing down a business requires thoughtful planning to protect both the company and your retirement income.

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## **Why Retirement Planning Must Connect to Estate Planning**

No matter which accounts or strategies you choose, they must fit smoothly into your estate plan—otherwise, your assets may not go where you intend.

## **Key Estate Planning Tools Include:**

### **• Beneficiary Designations**

You can name beneficiaries directly on retirement accounts to avoid probate and transfer funds efficiently.

### **• Coordinating With Your Revocable Living Trust**

This ensures your retirement assets are managed and distributed according to your overall plan.

### **• IRA Trusts**

These specialized trusts can:

- Protect inherited retirement savings
  - Reduce taxes for your beneficiaries
  - Offer long-term control and oversight
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## **A Team-Based Approach Creates the Best Results**

We work closely with your full advisory team—your financial planner, tax professional, and business advisors—to build a retirement strategy that supports:

- Your long-term financial security
  - Your business transition goals
  - Your estate planning priorities
  - Your peace of mind
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## **Let's Build Your Plan**

Every business owner's path is unique. We can help you develop a customized retirement and estate strategy that protects your future and keeps you focused on what you do best: running and growing your business.

**Contact us today to get started.**