



RETIREMENT

Save for Tomorrow
While Enjoying Today

Heritage Plus Plan

In 2023, employees who are self-employed individuals already know the benefits of what an Individual 401(k) or a SEP IRA can do for them. These plans allow individuals with no employees to defer up to \$73,500¹ on an annual basis. Yet, what do professionals do when \$73,500 is simply not enough? What do you do when you're told that tax-deductions must come from other sources?

The Heritage Plus Program allows self-employed individuals the ability to defer up to \$286,777² on a tax-deductible basis. The Heritage Plus Program is a combination retirement plan featuring a 401(k) Profit Sharing Plan (\$49,800) along with a Defined Benefit Pension Plan (\$236,977) (IRC Code 415). Individuals are now able to defer, on a tax-deductible basis, \$3,360,140 over a relatively short period of time, typically less than 15 years.

The Internal Revenue Service allows you to fund your benefit each year, under rules defined under the Pension Protection Act of 2006 (PPA); the amount you fund each year can be taken as a tax deduction. The mechanics of both Plans are simple when properly coordinated with a qualified Financial Advisor, your accountant and Heritage Administrative Services. The Heritage Plus Program allows for some flexibility in contributions and is customized to everyone's unique financial plan.

As every financial plan is different, so is each Heritage Plus Program. Each Heritage Plus Program comes with a pre-approved IRS document guaranteeing that your Plan Document has been reviewed and accepted by the IRS. With the comfort of knowing that your Retirement Plan Document is insulated from liability, receiving annual six-figure tax deductions just became that much easier.

Combination Retirement Plans are nothing new; it was in 2006 with the passing of the Pension Protection Act that allowed individuals to increase their combined tax deduction on their 401(k) Profit Sharing Plan and Defined Benefit Plan. Defined Benefit Plans have always been age-sensitive, permitting individuals in their 40's and 50's to receive larger benefits than those in their 20's or 30's. When combined with a 401(k) Profit Sharing Plan, which allow for 100% discretionary contributions, individuals were now afforded the luxury of receiving large tax deductions typically associated with Defined Benefit Plans with the flexibility normally related to 401(k) Plans.

The Heritage Plus Program is a unique way of looking at retirement. With the ability to accumulate over \$3,360,140 over a short period of time, individuals can now look at their Golden Years with more clarity and certainty than at any other time during their working career. For more information on the Heritage Plus Program, contact your Financial Advisor or Heritage Administrative Services directly.

1: Participant is age 50 or older

2: 52-year-old individual with \$305,000 in W-2 Compensation including full 401(k) deferral, full catch-up contribution, and a 6% profit sharing contribution.

We are providing the descriptions above to help you understand services or products we may make available to you, or factors that you should generally consider when deciding whether to engage in any transaction, service or product. Please note that it is important that you evaluate this material and exercise independent judgment when making investment decisions. This information, including any description of specific investment services or products, is marketing material and is solely for the purposes of discussion and for your independent consideration. It should not be viewed as a suggestion or recommendation that you take a particular course of action or as the advice of an impartial fiduciary.

If you would like more details about any of the information provided, or you would like personalized recommendations or advice, please contact your Financial Advisor. We are here to help. Heritage does not provide tax and legal advice and you should consult with your tax and legal advisors regarding your personal circumstances.

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All References to IRS Codes can be found at: <https://www.irs.gov/privacy-disclosure/tax-code-regulations-and-official-guidance>

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