



Relieving Client Pain: The After Tax-Season Sales Opportunity **Art Leaffer**

This is the time of year when small business owners and the self-employed writhe in pain as they write big checks to the IRS. Like all traumatic events, this one will stick with them for a while but then the pain will slowly dissipate - until next year. But while the pain lasts, they want relief.

That makes the after tax-season an ideal time for financial advisors who know about an amazing tax-saving vehicle, the very small business pension plan. This is a case where a little knowledge goes a long way: these kinds of clients, prospects and their CPAs have an itch you can scratch. Now is the time they will listen to a story that promises to save them literally thousands of dollars in taxes year after year.

This is the story. The very small business pension plan is a defined benefit plan for the self-employed or businesses with up to five employees, counting the owner. The amount of money that can be contributed is not limited to \$40,000 max, as would be the case with a defined contribution plan like a small business 401-k, profit sharing plan or SEP. Nor is it limited by the amount of current year earnings. [The contribution may not be limited by the earnings, but the deduction is limited to current year earnings]. Instead, the contribution depends on age, years to retirement and the average of the three highest years of earnings.

The result: Depending on those three factors, the client might be able to contribute - and deduct from income - up to \$166,000 or more for 2004. Last year, a 74-year old business owner contributed \$315,000 - and deducted that amount from taxable income! We are talking about truly HUGE tax savings - more than enough to get the attention of most small business owners and independent professionals making a lot of money and paying a lot in taxes.

Contributions can be invested in virtually any traditional investment vehicle, from stocks and bonds through mutual funds and annuities. When the client retires, he has all the options of any other kind of retirement plan, including rolling the plan's assets into a Rollover IRA. And, of course, contributions to the plan grow tax-deferred until the client takes a distribution.



A key fact to be aware of is that not everyone qualifies. For the plan to work, the client should be age 45 or older, typically receive at least \$75,000 a year from the business or occupation and be willing to make a significant contribution for at least three years.

The really nice thing is that you don't have to be a pension expert to make this work. You just need some prospects. A completely packaged program that provides all the knowledge and support necessary is available on the Internet at www.onepersonplus.com. Versions of the plan are also available through various financial services firms, including The Hartford, Oppenheimer Funds, Pioneer Funds, Legg Mason and UBS.

Don't you think every 45-plus small businessperson who just wrote a big check to the IRS would be interested in hearing that story? So would their CPAs -- letting you get closer to your best referral sources.

This is the right time to take advantage of the after tax-time blues. Get started on gathering more assets from current clients. And get a rare opportunity to capture very affluent new clients by showing them next year's sunshine.

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Art Leaffer is co-founder and CEO.

Art has served as a Director at Charles Schwab, and as Vice President at both Bank of America and Wells Fargo Bank and has spearheaded development and supported the launch of many consumer and business retirement programs. Art's ability to speak the arcane language of retirement products may be related to his earlier training in linguistics at the Hebrew University in Jerusalem and business at San Francisco State University, where he earned an MBA.

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