

THE OPTOMETRIC PRACTICE OWNER'S GUIDE TO RETIREMENT SAVINGS

Offering a retirement savings plan can be beneficial for both you and your employees, but deciding which plan is right for your practice can be tricky. To help you make the best decisions, we've outlined some of the benefits of offering a retirement plan along with some of the plan options available.



Why should a practice owner offer a retirement plan to employees?

Attract & Retain Top Talent

Offering a retirement plan as an employment benefit can make your practice more attractive to quality applicants. By investing in your employees, you encourage them to stay dedicated to their work and to your practice.

Contribution Flexibility

Maintain autonomy when it comes to your contributions to employee accounts. Not all plans require employer contributions. Some allow for contribution variance from year to year, allowing you to determine how much you wish to contribute.

Potential Tax Incentives

By offering employees a retirement savings plan, you may become eligible for tax incentives, including potential deductions for your contributions to employee accounts.*

Affordability

Offering a retirement savings plan is more affordable than you may think. A variety of options are available—many designed for small businesses. Some qualifying administration costs may even be offset by government tax credits.

Safe Harbor 401(k)

For 2021, Safe Harbor 401(k) plans offer a deferral of up to \$19,500, regardless of employee participation levels, and \$26,000 for those aged 50 years or older. Employers are required to contribute yearly but can bypass discrimination testing.

Traditional 401(k)

Offering flexibility and higher contribution limits, these plans require greater administration than a SIMPLE or Safe Harbor 401(k). A traditional 401(k) can incentivize long-term employment by adding allocation conditions and/or a vesting schedule to match contributions.

SIMPLE 401(k)

A SIMPLE 401(k) gives small practices an affordable way to offer retirement benefits to employees. Employee participation is not required, giving the owner more control over contribution amounts.

What types of retirement savings plans can I offer my employees?

New Comparability 401(k)

A New Comparability 401(k) plan helps small practices maximize owner contributions up to the legal limit by allowing employers to allocate contribution rates to different employee groups.

Simplified Employee Pension (SEP IRA)

With flexible annual contributions, employer-funded SEP IRAs provide employers with a simpler way to make retirement contributions for themselves and their employees.

Cash Balance

While traditional defined benefit plans provide for a specific benefit at retirement, a cash balance plan provides the benefit at retirement in the form of an account balance.

What options do I have if I'm an independent contractor or a practice owner looking for a retirement plan for myself?

Owners 401(k) Plan

Inexpensive to set up, Owners 401(k) plans let you decide each year whether to contribute and are not limited by employee contribution restrictions.

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Choosing a retirement savings plan doesn't have to be complicated. Complete [this form](#) to connect with AOAExcel's endorsed retirement program specialists, Equitable Financial, to receive a complimentary financial review. They'll help identify the appropriate retirement savings plan option to help you meet your savings goals.