



401(K): A POWER TOOL FOR SMALL BUSINESSES

A company retirement plan is a great company perk

BY JOHN SPOTO



In theory, retirement planning is simple: Save a portion of your income while you are working so you can enjoy a comfortable standard of living once you stop working.

In practice however, finding the money to save and determining the best way to save can be difficult.

This is especially true for small business and professional practice owners (e.g. medical, legal, etc.) who must balance the demands of their organization with their own and their workers' retirement needs. These challenges, coupled with the perception that sponsoring a company plan is complicated and expensive, cause many entrepreneurs to abandon the idea entirely.

The facts bear this out: Despite strong evidence suggesting that a workplace retirement plan is one of the most effective tools to reduce taxes and boost retirement savings, the U.S. Census Bureau reports that more than half of businesses with fewer than 100 employees offer no such plan. As a result, many business owners and their employees feel unprepared for retirement.

Establishing a retirement plan that meets both your business and personal objectives need not be a daunting task. Recent legislation, as well as developments in plan design and services, has reduced the complexity and the cost of setting up and maintaining such a plan.

In other words, taking action is easier than you might think.

Of the various plan options available to small businesses, the most flexible and widely-used is the 401(k). Whether you are establishing a 401(k) plan for the first time or upgrading an existing one, by following a sensible methodology, small businesses can enjoy the benefits of a professionally designed, cost-effective retirement plan.

Here is what I recommend for small business owners:

▶ **First, establish your goals for the plan.** What do you want to accomplish? Is your objective to maximize contributions and reduce taxes for yourself, or is it to attract and retain top employees? Your plan design can be tailored to help you accomplish your most important goals.

▶ **Second, identify the service providers** to the plan and understand the role each serves. It is important to select providers who will act in your best interest. Typically, the primary providers are those responsible for helping design the plan, holding the assets, handling employees' deposits and withdrawals, and providing ongoing investment advice, education and guidance.

▶ **Third, clearly identify all fees** associated with establishing and maintaining the plan, including those that you and your employees pay as participants. Your objective as the business owner is to select the plan that best serves your interests and those of your company and employees at the lowest possible cost. All things being equal, plan expense is the single most important factor in delivering the greatest value to you and your employees. Be aware that there is no such thing as a "free"

plan. Charging excessive fees to small business owners has long been an area of abuse. Although there are new regulations in place requiring greater transparency, do your homework to ensure that you are getting the best value for your money.

▶ **Fourth, create a menu** of a limited number of investment options that allows your employees to build a low-cost, diversified portfolio. The key to creating this menu is to choose quality over quantity. Too many options will increase the plan cost and create unnecessary complexity. In other words "less is more." Also, for those participants who may be uncomfortable selecting their own investments, offer some pre-constructed portfolios that provide broad diversification at various levels of risk. This approach will reduce costs and give all participants the best chance of reaching their retirement goals.

▶ **Fifth, be sure your plan providers** are committed to working with you to monitor the plan and ensure that it remains consistent with your goals and those of the business and your employees. This includes providing ongoing education and communications to plan participants so they have the necessary information to make informed saving and investment decisions.

Today, setting up and operating a cost-effective 401(k) plan is within reach of any small business or professional practice. By taking the time to identify your goals and choosing the right partners to work with, you can add to your workplace toolbox a powerful tool to help you and your employees achieve a secure retirement. **MVB**

8.2 million American women are at the helm of their own companies.

story behind the person at the top. Transparency encourages greater communication, team building and leadership.

► **Develop and Use Your Personal Network:** Find a mentor and be a mentor; seek out other women at your level; and accept the strength, ideas and energy your connections have to offer. It is no longer necessary to blaze trails alone. Women have more power than they may realize. According to a Dow Jones report, start-ups with five or more female executives have a 61 percent success rate. It goes further and says that odds of success "increase with more female executives at the vice president and director levels.

► **Stand for Something:** Position yourself as a strong thought leader. It's not easy being at the top. Women tend to distrust powerful women, and men may view women

as weak or too collaborative and sensitive. Take a firm stand on something you care about deeply and rally the organization around that objective. You will gain the respect of your peers, customers and stakeholders.

As the numbers clearly demonstrate, business is changing. Women account for 73 percent to 85 percent of consumer decisions in the United States, which gives female CEOs yet another advantage — insight into their customers' values.

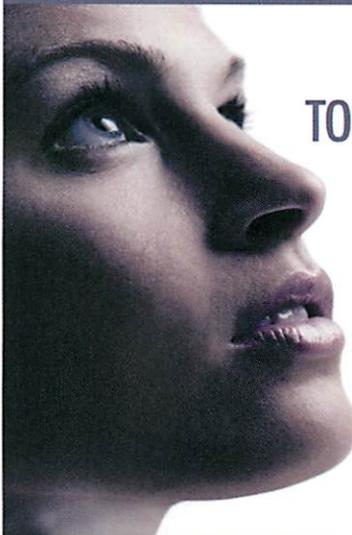
Remember, you can use all of these facts to your advantage to achieve the utmost professional growth.

Debora McLaughlin is the best-selling author of "The Renegade Leader: 9 Success Strategies Driven Leaders Use to Ignite People, Performance and Profits" and "A League of Her Own," and CEO of The Renegade Leader Coaching and Consulting Group.

PROOF

BY DAVID AUBURN
DIRECTED BY CHRISTIAN PARKER

MAR 21 - APR 14



A COMPELLING
TONY AWARD-WINNING
MYSTERY

LowellBank
2012-2013 Season Sponsor

TICKETS START AT JUST \$20

MEDIA SPONSOR
MAGIC
106.7

MRT.ORG
MRT 978-654-4678

PRODUCTION SPONSOR
Lowell General Hospital
Concrete connected care™



Associates in Orthopedics offers diagnostic, medical and surgical management of a wide variety of musculoskeletal problems, from fractures to arthritis, from osteoporosis, to joint replacement.

Our services include: Treatment of Fractures
Sports Medicine • Arthroscopy • Joint Replacement
Injuries to Ligaments, Muscles, & Tendons
Specialized Hand Care and more.

CALL US

Haverhill - 288 Groveland St.
978.373.3851

North Andover - 231 Sutton St., Unit 1E
978.725.0900

B. Eugene Brady, MD Pamela L. Jones, MD Barry T. Bickley, MD
Gregory K. Johnson, MD

www.associatesinorthopedics.com