



# THE DPS PLAN

## Defined Pension Solution

### WHO QUALIFIES?

The **DPS** Plan strategy has been created to benefit highly compensated business owners with only themselves or with a small number of employees who would like to put larger tax-deductible (pre-tax) contributions into a Government Qualified plan than are typically allowed in a traditional plan (IRA, SEP-IRA, etc.)

### WHAT ARE THE BENEFITS?

Thanks to ERISA and the tax code, the **DPS** Plan also allows for the highly compensated to receive guaranteed income at retirement. Sometimes referred to as a 412(e)(3) Plan, which refers to the specific IRS code section that defines and allows the transaction, the **DPS** Plan can create significant tax savings and retirement income for a small business owner. The tax benefits also include: fully deductible against Social Security taxes, fully deductible against Medicare taxes and fully deductible against ACA (Obama Care) taxes. These additional tax benefits can equate to more than 15% in additional tax savings.

### A BRIEF OVERVIEW

The **DPS** Plan is the only Defined Benefit plan that is exempt from the minimum funding requirements as stipulated in the tax code. IRS Section 412(e)(3) states that the plan must be funded with a prescribed annuity or a combination of an annuity and specific type of life insurance products, issued by a life insurance company. The benefits provided must be equal to the values provided in the selected contracts and guaranteed by the life insurance company. In summary, The DPS Plan enjoys certain advantages over traditional defined benefit plans, such as:

- **Significantly greater initial deductions allowed**
- **Greater stability in contributions**
- **Much simpler plan administration**
- **Assurance of future benefits**

### GOVERNMENT TABLE

As has already been described, one of the most compelling benefits of The **DPS** Plan is the capability of contributing more tax deductible contributions than is allowed with traditional plans. For example, the current maximum allowable contribution for a SEP-IRA in 2016 is \$53,000 per year. The following table illustrates the maximum contributions allowed in The DPS Plan, as stipulated by the participant's age:

**Age 40- \$118,021**

**Age 45- \$164,117**

**Age 50 - \$252,756**

**Age 55 - \$341,423**

NOTE: When combined with other qualified plans, a government formula is used to determine maximum contribution amounts.

### WHAT IS THE NEXT STEP?

There is no cost or obligation to learn more details regarding the **DPS** Program and to discover how you may benefit greatly by learning more.

**The next step is to simply navigate to our home page and complete the  
“How Can Synergy Financial Serve You” section.**