

# The Owner-Only 401(k)

401(k) plans have had the greatest impact on employee retirement savings over the past 40 years. The Owner-Only 401(k), a plan for sole proprietors and partnerships void of full time employees, shares this impact, but goes so much further. Let's review the highlights below:

## Major Benefits of an Owner-Only 401(k) Plan

### Tax Deferred Contributions

A business without any full time employees qualifies for this plan. It's number one benefit is what many people already know, contributions are tax deferred. This could be as much as a 50% immediate return on your contribution.

### Increased Maximum Contribution

As a business owner you are considered an employee and an employer. Therefore you have the ability to contribute the employee maximum plus the employer maximum... for a total of \$53,000 (vs. The regular employee contribution of \$18,000).

### Investment Selection Flexibility

Since there are zero full time employees, you are not required to offer investment options that are suitable for anyone but yourself. With that, you can utilize a self-directed brokerage account that will allow investments in any public security.

### Easily Transfer Assets To An IRA

By investing in publicly traded securities (not proprietary mutual funds in a standard 401(k)), you will not have to sell all your positions when you retire and move your 401(k) assets into an IRA. This eliminates two trades per position (sell and then buy again) resulting in cost savings.

## Additional Benefits of the William Allan Owner-Only 401(k) Plan

### Individual Stock Portfolio

At the core of our 401(k) plan design is building your portfolio with individual stocks. This approach yields the benefits below.

### Lower Expenses

Our fundamental buy & hold strategy keeps your expenses to a minimum, unlike typical mutual funds that routinely charge expenses. Other than our management fee, a trading commission is all you incur in our Owner-Only 401(k).

### Dollar Cost Averaging

One of the greatest attributes of a 401(k) plan is that you contribute to your account every pay period. Therefore, you dollar cost average into your investments. With our 401(k) you can still contribute every pay period, but we decide where to invest. This is even better as we can put the new money into the "cheapest" stock position at that time taking advantage of the volatility that comes with the stock market.

### Holistic Management

We manage client portfolios on a "holistic" basis. Meaning, if you have more than one account (i.e., you have this 401(k), an IRA, your spouse's IRA, and a taxable account), we manage all the accounts as if they were ONE portfolio. This cuts down on costs as well as provides a better view of your assets.

### Self Directed Account Option

While we believe the historical returns of the stock market speak for itself (i.e., the best investment in town), we are not opposed to diversifying a portion of your 401(k) plan into other asset classes (i.e., real estate, private business, etc.). Our 401(k) allows for these investments.

## Summary

In our opinion, the biggest drawback of the regular 401(k) plan is that participants are "trapped" inside a plan geared to meet the needs of hundreds, if not thousands of employees. In doing so there are minimal investment options with high expenses you have no control over. The typical Owner-Only 401(k) allows the owner to select the investments and eliminate unnecessary expenses. All the drawbacks of the traditional 401(k) go away with our Owner-Only 401(k) and we create a plan meant specifically to meet YOUR goals, the owner. Isn't this the way it should be?

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