

**pennsylvania**  
DEPARTMENT OF BANKING  
AND SECURITIES

dobs.pa.gov

**Small Business Owners Can Retire Too:**  
*When is the right time to plan for retirement?*

protect. regulate. inform.

1

---

---

---

---

---

---

---

---

- How much will I need to strive for before I retire?
- What are your plans for your "golden years?"
- Opening retirement accounts to start moving towards those goals
- Getting more information

2

---

---

---

---

---

---

---

---

**pennsylvania**  
DEPARTMENT OF BANKING  
AND SECURITIES

## No magic retirement formula



protect. regulate. inform.

dobs.pa.gov

3

---

---

---


---

---

---

---

---



**When you retire:**

- How old do you think you will be?
- What lifestyle do you envision?
- Will you work part time?
- How long do you think you will need to survive on that income?

4

---

---

---

---

---

---

---

---



You may want to:

- Travel the world
- Take up a craft or hobby
- Spend more time with family



5

---

---

---

---

---

---

---

---



70%

80%

90%

Depending on your anticipated financial need or plans, you may require as much as 90% (or more) of your annual income!

6

---

---

---

---

---

---

---

---

### Do I need that money sitting in an account somewhere?



You do not! You just need to know what income you can count on coming in regularly

7

---

---

---

---

---

---

---

---



Income

8

---

---

---

---

---

---

---

---

If you have not paid into Social Security before, it's not too late to start!

Report your earnings to the IRS by completing the following:

- Form 1040 (Individual Income Tax Return)
- Schedule C (Profit or Loss from Business) or F (Profit or Loss from Farming)
- Schedule SE (Self-Employment Tax)

<https://www.ssa.gov/pubs/EN-05-10022.pdf>

9

---

---

---

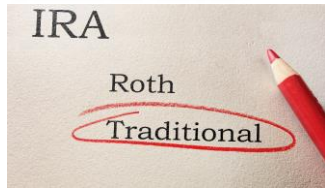
---

---

---

---

---



- You may choose the investment type(s)
- Deposits could be tax-deductible
- Max deposit \$6,500 for 2023 plus \$1,000 if you are *over 50 (catch-up)*
- Earnings grow tax-deferred



10

---

---

---

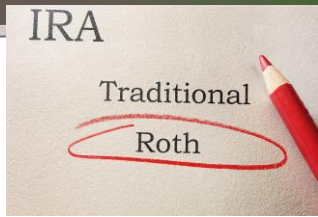
---

---

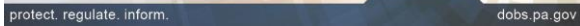
---

---

---



- You may choose the investment type(s)
- Deposits are after-tax
- Max deposit same as traditional
- Withdrawals & earnings are tax-free
- No penalty early withdrawal of contributions



11

---

---

---

---

---

---

---

---

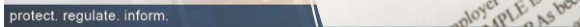


### Employer Sponsored IRAs?

**SIMPLE -**

*Savings Incentive Match Plan for Employees*

- Employer makes contributions – either by up to 3% match or 2% if employee does not
- Contribute up to \$15,500/year (+\$3,500 catch-up)
- Employer contribution is tax-deductible



12

---

---

---

---

---

---

---

---

**SEP IRA – Simplified Employee Pension**

- For small business owners and employees
- Employer makes contributions
- Contributions tax-deductible to business
- Higher limits: 2021 – 25% of employees’ compensation or \$66,000\*



\*Business owners must contribute the same % to the employees as they do for themselves

13

---

---

---

---

---

---

---

---

---

---



*Payroll Deduction IRA*

- For small business owners – offers a low-cost option with no filing requirements
- Employees make all contributions
- Employer facilitates payroll deductions
- Contribution limits are the same as traditional (\$6,500 & \$7,500 for over 50)

14

---

---

---

---

---

---

---

---

---

---

pennsylvania  
DEPARTMENT OF BANKING AND SECURITIES



### Spousal IRAs *(Traditional or Roth)*

- For married couples when one spouse is not working
- Identical benefits as other IRAs covered
- Allows non-earning spouse to save in their own name

protect. regulate. inform. dobs.pa.gov

15

---

---

---

---

---

---

---

---

---

---

### Solo 401(k)



- For owners of for-profit companies
- Earnings grow "tax deferred"
- Max contribution for 2023: \$22,500 or 100% of total income (whichever is less)
- May contribute an additional \$7,500 for catch-up

16

---

---

---


---

---

---

---

---



**Catch-up**  
After you turn 50, MOST of the accounts mentioned today have some allowance for "catching up" on your retirement savings.

17

---

---

---

---

---


---

---

---

### Emergencies

- You may want to avoid using your retirement accounts for emergencies
- Know what the options are – as a last resort
- Be sure to understand any fees and penalties you may be charged



18

---

---

---

---

---

---

---

---



Expenses



---

---

---

---

---

---

---

---

19



If you plan to travel or take up costly hobbies, do not forget to calculate that into your annual expenses.

protect. regulate. inform.

dobs.pa.gov

---

---

---

---

---

---

---

---

20



If you have little or no debt, do not need health care coverage, and plan to cut expenses, 70% may be enough.



If you do not expect your lifestyle to change much, 80% could be your magic number.



If you have more debt, need health care coverage, and plan to travel or "live it up," you may need 90% or more.

protect. regulate. inform.

dobs.pa.gov

---

---

---

---

---

---

---

---

21



Retirement calculators  
[www.Kiplinger.com](http://www.Kiplinger.com)  
or find another reliable online calculator

22

---

---

---

---

---

---

---

---

Hire a professional to help you understand where you are and help you reach your goals



23

---

---

---

---

---

---

---

---



## WHAT DO YOU NEED?

Write a list of what you are looking for in a professional. Consider the following:

- Your age
- Current financial circumstances
- Goals
- How involved you want to be once you get started
- Will my professional be a fiduciary

24

---

---

---

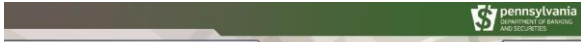
---

---

---

---

---



**Investment Advisor:**

- A person or company that will give you investment advice
- They may or may not manage your financial assets
- They have a fiduciary duty

**Broker Dealer/Broker:**

- A person or company buys and sells securities
- "Middle-men" connect investors to investments
- They have a suitability obligation

---

---

---

---

---

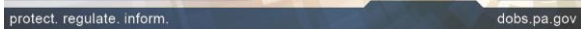
---

---

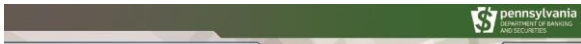
---

---

---



25



Step 1

Shop "smart" – Ask friends, relatives, people you know and trust for referrals.

- Who do they use
- How long have they been investing with them
- Have they experienced anything that caused them to be concerned

Step 2

Verify that anyone under consideration is registered. Don't forget to verify the firm too!

- Check history – how many years have they been in business
- What exams have they passed
- How many states are they licensed in

---

---

---

---

---

---

---

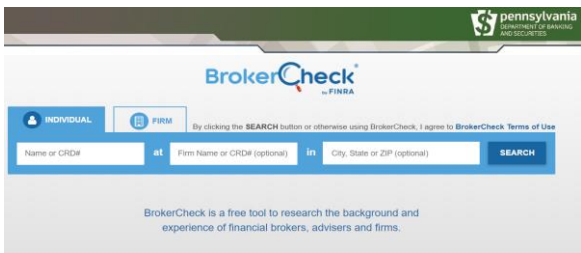
---

---

---



26



Why Use BrokerCheck?



BrokerCheck helps you make informed choices about brokers and brokerage firms and provides easy access to investment adviser information.



BrokerCheck tells you instantly whether a person or firm is registered, as required by law, to sell securities (stocks, bonds, mutual funds and more), offer investment advice or both.



BrokerCheck gives you a snapshot of a broker's employment history, regulatory actions, and investment-related licensing information, arbitrations and complaints.

---

---

---

---

---

---

---

---

---

---



27

Step 3

Interview professionals you are considering – be prepared with a list of questions for them

- What experience do you have with people like me
- Are you registered with the SEC, PA Department of Banking and Securities, or FINRA

Once you interview potential professionals compare them to one another – “apples to apples”

- information you have about fees and costs
- information found on Brokercheck
- answers to the questions you asked during the interview

Step 4

---

---

---

---

---

---

---

---

### Form **CRS** – Client/Customer Relationship Summary

All registered broker-dealers and investment advisors are required to provide the CRS to all new customers. This form gives consumers information like:

- Types of services the firm offers
- Fees and costs you can expect to pay
- Any potential conflicts of interest



[Investor.gov/crs](https://investor.gov/crs)

---

---

---

---

---

---

---

---

Do your homework: Learn what you can about investing, know the risks and potential growth

- Find reputable sources like the ones we provide
- Read as many resources as you can to learn about different aspects of investing and financial planning

Step 5

#### **Know the warning signs of fraud**

- Quick, higher than average profits
- Guaranteed returns
- Pressure to send money immediately
- A professional asks to be executor of your estate

Step 6

---

---

---

---

---

---

---

---

Nobody likes to read all those disclosures, but it is important to do so. That is where all the details about your account fees, costs, terms and conditions are outlined.

If you don't understand, ask questions!



31

---

---

---

---

---

---

---

---

Review all statements and correspondence you receive from your professional.

- As soon as possible upon receipt
- Ask questions if there is anything that does not make sense
- If it still does not make sense, call a regulator (like the PA Department of Banking and Securities) and ask for help



32

---

---

---

---

---

---

---

---

Talk to your tax professional about the tax considerations for any of the retirement accounts discussed today



33

---

---

---

---

---

---

---

---



### Resources

#### State

Banking and Securities:

[www.dobs.pa.gov](http://www.dobs.pa.gov)

#### Federal/Other

North American Securities

Administrators Association:  
[www.nasaa.org/investor-education](http://www.nasaa.org/investor-education)

Securities and Exchange

Commission Consumer Page:  
[www.investor.gov](http://www.investor.gov)

Kiplinger:

[www.kiplinger.com](http://www.kiplinger.com)

protect. regulate. inform.

dobs.pa.gov

34

---

---

---

---

---

---

---

---

---

---



How much will you need to retire?  
That answer is up to you, and the retired  
lifestyle you envisioned for yourself...



protect. regulate. inform.

dobs.pa.gov

35

---

---

---

---

---

---

---

---

---

---



Exploring how much you will need to  
retire is a great step to being prepared  
for this exciting chapter!

protect. regulate. inform.

dobs.pa.gov

36

---

---

---

---

---

---

---

---

---

---

pennsylvania  
 DEPARTMENT OF BANKING AND SECURITIES

Subscribe

It costs **HOW MUCH?**

Pennsylvania's new 0% Dept of Banking and Securities...  
 ...and it's just in 2023.  
 The more you know, the better.

Pennsylvania Department  
 of Banking and Securities

like us on  
 facebook

PA Banking and Securities  
 @pennsylvania

protect. regulate. inform. dobs.pa.gov

37

---

---

---

---

---

---

---

---

Our Consumer Services  
 Office is happy to answer  
 your questions and provide  
 appropriate resources.

Call weekdays 8am-5pm:  
 1.800.PA.BANKS or  
 1.800.600.0007  
[www.dobs.pa.gov](http://www.dobs.pa.gov)

The call and our services are free –  
 Call today to learn more!

38

---

---

---

---

---

---

---

---

pennsylvania  
 DEPARTMENT OF BANKING AND SECURITIES

Katrina Boyer  
 PA Department of Banking  
 and Securities  
[katrboyer@pa.gov](mailto:katrboyer@pa.gov)  
 717.214.5565

THANK YOU

protect. regulate. inform. dobs.pa.gov

39

---

---

---

---

---

---

---

---



---

---

---

---

---

---

---

---