

BUSINESS

MONEY

SARSEP — THE EMPLOYEE FUNDED RETIREMENT PLAN FOR SMALL BUSINESSES

By Terrence R. Johnson

Today's business owners are faced with many obstacles on the road to providing their workers with a package of employee benefits. This is especially true of the small business owner whose resources may be extremely limited. To remain competitive in today's complex environment there is a necessity to provide employees with a benefit package that ensures their financial security without threatening the position of the business itself.

One benefit that is

demanding a greater share of attention today is retirement planning. Today's employees are being bombarded with information warning them to prepare for their retirement. Increased longevity, uncertainty regarding the Social Security system, and the possibility of a need for greater retirement care and catastrophic medical coverage has focused on the spotlight on the need for greater retirement savings. Increasingly, employees of small businesses are looking to the business owner for assistance. This demand presents small business owners



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with a dilemma: How can they provide retirement coverage for their employees without being overwhelmed by cost and administrative considerations? For companies with fewer

than 25 employees there is a convenient and inexpensive solution to this problem: A SARSEP (Salary deferral Simplified Employee Pension). The SARSEP plan offers employees of small businesses a simple, flexible and tax advantaged method of saving for their retirement. In a SARSEP, plan participants can contribute up to the lesser of 15% of their salary or \$8,994 (for 1993, indexed annually) to an IRA account. Their pre-tax contributions, reduce their taxable income and the assets in their account grow tax-deferred until they are withdrawn, a double barreled tax benefit that they can use to save for their retirement needs.

The benefits of this type of retirement plan for the small business owner are low costs and simplicity of administration. Since the plan is funded by employee contributions, the employer is able to offer a retirement plan without the fear of being obligated to make a major financial commitment. The most that they might be required to contribute would be 3% of the non-key employees salary and this is only if the program was deemed to be top-heavy in favor of key employees of the business. The only administration required by the IRS are two simple tests that make sure that the plan does not discriminate against lower paid employee.

A SARSEP allows business owners to show concern for their employees by providing them with a vehicle to save for retirement. The beauty of this program is that it requires the employees to share the

responsibility for their financial security. For a minimal commitment of time and money, a SARSEP strengthens the small business while providing increased financial security for all its employees. Today's small business owners are faced with a challenging and dynamic

environment. A SERSEP can help them face these challenges while freeing the owners and employees to focus on making their business the most competitive it can be in today's marketplace.

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Real Estate Perspective

By Loretta Arrington Hall



Tips To Avoid A Defective Home

Home shoppers, have you ever asked yourself, how can I best protect myself so I don't get stuck with a home with defects? There are several ways to avoid getting stuck with a defective home. When you find a home that you want to buy, make your written purchase offer contingent upon your approval of (a) the seller's written disclosure of all known defects in the house and (b) a professional inspection of the house.

Your real estate agent can assist you with obtaining the seller's written disclosure statement and arranging the professional property inspection. Incidentally, be sure to accompany the inspector so you can see any defects discovered and learn whether they are serious or superficial.

An additional protection is to insist the seller provide you with a one-year home warranty policy. This insurance pays for repairs to the plumbing, wiring, built-in

appliances and furnace during the first 12 months after purchase. For an additional premium, the air conditioning, pool and roof also can be included in the warranty.

Just as you can't always be certain of buying a car that won't have defects, there is no absolutely perfect technique to be sure you are not buying a house without problems. However, these methods are what I feel are the best techniques you can use to help minimize the chances of buying a lemon.

As always, please contact a professional for all your real estate needs or write to me c/o REAL ESTATE PERSPECTIVE, Las Vegas Sentinel-Voice Newspaper, 1201 South Eastern Avenue, Las Vegas, Nevada 89104.

Loretta Arrington Hall, Owner/Broker, Arrington & Associates Real Estate Company

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