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A CONFIDENTIAL GUIDE

The Business Owner's Guide to *Saving $165K+* in Taxes.

A plain-language guide to the retirement plan structure most business owners earning $300K+ have never been told exists - and how to use it before December 31.

$24,500

Standard 401(k) deferral limit (2026)

$290,000+

DB Plan contribution ceiling (2026)

The gap between those two numbers is the entire reason this guide exists.

ALPHA INNOVATION PARTNERS

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- FOREWORD -

Before you read *anything else.*

You did not download this because things are going badly. You downloaded it because things are going well, and your tax bill still does not make sense to you.

You are running a profitable business. Your CPA is competent. You are maxing out whatever retirement account they set up for you. And every April, you write a check to the IRS that is larger than what most people earn in a year. You ask if there is anything more you can do. You are told you are already *maxed out.* You write the check.

What nobody has told you is that "maxed out" only applies to the vehicle you are currently in. There is a different vehicle entirely. It is called a **Defined Benefit plan,** and depending on your age, income, and business structure, it could legally shelter between *$200,000 and $290,000 or more* of your income from taxes every single year.

Not $20,000, or $72,000. Up to $290,000 sheltered from taxation in a single year, through a fully IRS-qualified retirement structure that has existed for decades. The reason you have not heard about it is not because it is obscure or aggressive. It is because it requires a specialist to design it, and most business owners have never been in the room with one.

> *This guide covers the one retirement structure with the largest potential impact for profitable business owners earning above $300K - and the specific steps you need to take before December 31 if you want to use it this tax year.*

Read it like you would read anything before a high-stakes conversation. Take the numbers seriously. Pay close attention to the comparison table in Chapter 2. By the time you finish, you will know exactly what questions to ask, and you will understand why the timing matters more than most people realize.

- CHAPTER I -

The system you are currently using *was not built* for you.

Here is something your CPA knows but may have never said to you directly: the 401(k) was designed as an employee benefit. The contribution limits were set with a W-2 employee in mind. Not a business owner generating $650,000 a year, a consultant billing $380,000 in 1099 income, or a physician whose practice clears $800,000 in net profit. The 401(k) was built for someone earning $80,000 with a paycheck and a benefits package. **You are using a tool that was never designed for your situation.**

The standard 401(k) lets you defer $24,500 in 2026, or $32,500 if you are 50 or older. Add a profit-sharing component and your total defined contribution limit hits $72,000. For someone earning $120,000, that is a meaningful number. For someone earning $600,000, *it is barely a rounding error.*

What "maxing out" actually means at your income level.

When your CPA says you are maxed out at $72,000, they are telling you the truth about the vehicle you are in. They are not telling you there are other vehicles.

Here is what that actually looks like on a $600,000 net income. A $72,000 deduction brings your taxable income down to $528,000. At a combined federal and California marginal rate of roughly 50%, your tax bill on that remaining $528,000 is still **over $200,000.** You maxed out your plan. You did everything your CPA told you to do. And you are still writing one of the largest checks of your life every April.

The problem is not that you are doing something wrong. The problem is that nobody has told you the rules apply to a different game than the one you are playing.

PLAN TYPE · 2026 CONTRIBUTION MAXIMUMS · ESTIMATED ANNUAL TAX SAVINGS

PLAN TYPE	ANNUAL CONTRIBUTION MAX	EST. TAX SAVINGS*
401(k) Elective Deferral Only	$24,500	*$9,000 - $12,000*
401(k) + Profit Sharing (DC Max)	$72,000	*$27,000 - $37,000*
SEP IRA	$72,000	*$27,000 - $37,000*
Defined Benefit Plan (DB)	Up to $290,000+	*$94,000 - $165,000+*

**Estimated range based on combined federal and California marginal rates for business owners earning $300K-$800K. Individual results vary based on business structure, age, and income level. Consult a specialist for your specific numbers.*

Why your CPA has not brought this up.

This is the first question almost every business owner asks when they see that table. It is a fair question. The honest answer is that your CPA is not holding out on you. **They are doing a different job.**

Most CPAs are exceptional at tax compliance. They file accurately, hit every deadline, and make sure your estimated payments land correctly. What they are not is actuaries. Designing a Defined Benefit plan requires actuarial analysis to set contribution levels correctly, annual certification filed with the IRS, and coordination with a specialist who does this work every day. That is *a different discipline entirely.*

It is the same reason your CPA files your returns but sends you to a real estate attorney when you are closing a commercial deal. Good professionals know the edges of their lane.

> *"My clients ask me every year if they can do anything more on the retirement side. I tell them to max out their 401(k). I know there is probably more available to them but it is not my specialty and I do not want to give advice I cannot back up."*
>
> A BAY AREA CPA, DESCRIBING EXACTLY HOW THE KNOWLEDGE GAP GETS PASSED ALONG YEAR AFTER YEAR

That CPA is being honest and responsible. The problem is not the advice. The problem is that business owners hear "max out your 401(k)" and treat it as the final word, when really it is the answer to *only one of the questions they should be asking.*

- CHAPTER II -

How a Defined Benefit plan *actually works.*

A Defined Benefit plan is a qualified retirement plan, the same legal category as a 401(k), but the way it calculates your contribution is completely different. **Instead of a fixed annual ceiling, the math works backward.**

You specify a retirement benefit you want to receive at a future date. An actuary looks at your age, your income, and how many years you have left before that date. Then they calculate what the plan needs funded today to deliver that benefit on schedule. The older you are, the more aggressive the annual contribution has to be, because the compounding runway is shorter.

That reverse-engineering process is what makes DB plans so powerful for high-income business owners, and it is also why they cannot be set up on a spreadsheet. They require a licensed actuary who designs the plan, certifies the contribution levels annually, and files the required documentation with the IRS. This is not a DIY structure. *It is a specialist instrument* - which is precisely why most business owners have never used one.

The three variables that determine your contribution.

Three inputs drive the actuarial calculation. Your CPA does not control any of them. Neither do you. They are what they are:

- **Your age.** The older you are when the plan is established, the higher your required annual contribution, because there is less time for the plan to grow before your retirement date. A 55-year-old and a 45-year-old targeting the same retirement benefit will have dramatically different annual contribution requirements. The 55-year-old's number will be significantly higher, which means a significantly larger deduction.
- **Your income.** Specifically, your average W-2 or net self-employment income across your three highest consecutive earning years. The IRS caps the compensation figure used in the calculation at $360,000 for 2026, but actual plan contributions can reach well above that ceiling depending on your age.
- **Your target retirement benefit.** The plan specifies the monthly income you want to receive at retirement. The IRS allows a maximum annual benefit of $290,000 for 2026. The actuary works backward from whatever target you set to calculate exactly what needs to go into the plan each year.

What the numbers look like in practice.

The table below shows representative contribution ranges by age for business owners earning $400,000 or more. These are not your exact numbers - your specific contribution requires an actuarial calculation built around your situation. But they show you *the scale of what is available,* and where you sit in that range.

CONTRIBUTION RANGES BY AGE · BUSINESS OWNERS EARNING $400,000+

YOUR AGE	APPROXIMATE ANNUAL DB CONTRIBUTION	ESTIMATED ANNUAL TAX SAVINGS*
45	$130,000 - $180,000	*$50,000 - $80,000*
50	$170,000 - $220,000	*$70,000 - $100,000*
54	$200,000 - $260,000	*$90,000 - $120,000*
58	$230,000 - $290,000+	*$100,000 - $135,000+*
62+	$260,000 - $290,000+	*$120,000 - $165,000+*

**Illustrations based on combined federal and California marginal rates. Actual contributions require actuarial calculation. Numbers shown are representative ranges for business owners with $300K+ in net income.*

The December 31 deadline you cannot work around.

This is the most operationally important thing in this entire guide. **A Defined Benefit plan must be established before December 31 of the tax year in which you want the deduction.** There is no retroactive option. You cannot set one up in February and apply it to the prior year. If the calendar flips before your plan is in place, that year's window is gone permanently.

If you are reading this with weeks left in the year, you still have time, but the process needs to start immediately. The plan document has to be drafted, reviewed, and formally adopted before midnight on December 31. That typically takes *three to five weeks* from the first consultation. Contributions themselves can follow after the year closes, which gives you some breathing room on the cash side. But the plan has to exist before the year ends.

> *The deadline is real and it is hard. The conversation with Solomon always starts with the calendar. There is a meaningful difference between calling in September and calling in December - and a complete difference between calling before December 31 and calling after.*

- CHAPTER III -

The vehicles most business owners *never hear about.*

The DB plan is the headline of this guide, and for most high-income business owners it is the most impactful structure available. But it is not the only tool in play, and it is not always the right starting point. Here is a clear-eyed look at the full set of structures worth understanding - including when each one is the right fit and when it is not.

Defined Benefit Plans · The primary vehicle.

Already covered in depth in Chapter 2, but worth restating the key point: **no other IRS-qualified retirement structure available to self-employed business owners allows you to shelter this much income in a single year.** The $290,000 contribution ceiling for 2026 is not a theoretical upper limit that only applies in perfect conditions. For business owners in their mid-50s and above with stable, high incomes, it is a realistic annual target.

Solomon works primarily with two DB plan structures: the *Traditional Defined Benefit Plan* and the *Cash Balance Plan.* Both are fully qualified. The Cash Balance version is more portable at retirement and tends to be the preferred structure when the business owner wants more flexibility down the road - particularly if they might sell the business or transition before a traditional retirement age.

SEP IRA · Simpler, but know its ceiling.

A SEP IRA lets you contribute up to 25% of net self-employment income, capped at $72,000 for 2026. It is far simpler to set up and maintain than a DB plan, which makes it the right vehicle for business owners whose income is still stabilizing or who are earlier in the business growth curve.

The ceiling is also its limitation. If you are earning $650,000, a SEP IRA maxes out at $72,000. A properly designed DB plan in that same scenario could shelter *three to four times that amount.* The SEP is not a bad vehicle. It is just a small one for the income you are generating.

Executive Bonus Arrangements · Section 162 plans.

A Section 162 executive bonus arrangement lets your business pay the premiums on a life insurance policy owned by you or a key employee, and deduct those premiums as a business expense. The policy builds cash value tax-deferred over time, and the business gets a deduction today.

This structure works especially well for business owners who want to retain key employees with meaningful compensation, or for owners who need a significant year-end deduction without the full actuarial setup timeline that a DB plan requires. It can be structured quickly relative to other vehicles - *which matters when December is closer than comfortable.*

Buy-Sell Arrangements · The protection most owners postpone.

If you have a business partner and no formal agreement covering what happens when one of you exits, becomes disabled, or dies, you have a problem that **compounds in cost the longer it sits unaddressed.** A buy-sell arrangement funded by life or disability insurance creates a legally binding framework for those transition events and can be structured to generate real tax advantages alongside the protection it provides.

This is not a retirement vehicle. It is a business continuity and risk management tool. But it belongs in this guide because the business owners who need it most urgently are often the ones who have *never thought about it until something goes wrong.*

Combining structures · Where the real impact happens.

The highest-impact outcomes Solomon works toward are almost never single-vehicle solutions. A business owner in their mid-50s with stable income above $500,000, combining a fully funded DB plan with a 401(k) profit-sharing structure and a Section 162 arrangement, could shelter **$250,000 or more** of taxable income in a single year. Every dollar through IRS-qualified structures. Nothing aggressive. Nothing exotic.

> *This is exactly what the tax code was built to encourage: business owners building real retirement security in exchange for a deduction. Congress created these structures deliberately. Using them is not a loophole. It is the intended outcome.*

- CHAPTER IV -

What changes when you call in October *instead of April.*

Almost every business owner who eventually works with Solomon tells the same story about the years before they found him. CPA filed on time. April call came. They learned what they owed. They asked if anything could be done. They were told they were maxed out. They wrote the check. *Same story, different amounts, year after year.*

Nobody in that story is doing anything wrong. The CPA is doing their job correctly. Tax compliance and tax reduction strategy are genuinely separate disciplines, and most CPAs practice one of them. Filing an accurate return requires looking at what already happened. **Reducing your tax liability requires acting before it does.** Those are not the same conversation, and they do not happen in the same month.

The difference is timing - and timing is everything.

Your CPA's job begins when the year ends. They take everything that happened and report it accurately. Solomon's job happens while the year is still open. He looks at your current income, your age, your business structure, and what the law permits, and he tells you what to do before December 31 to change the number that your CPA will report in April.

For a business owner earning $650,000, a DB plan established before year end could remove *$200,000 or more* from your taxable income for that year. That same deduction does not exist if you wait until April. The year is closed. The income has already been counted. The only thing left to do is calculate what you owe and pay it. **The entire difference between those two outcomes comes down to when you had the right conversation.**

> *"Almost everything we are going to talk about today depends on what you do before December 31. Once the year closes, the options get very narrow very fast. The value of this conversation is that we are having it now, not in April."*
>
> SOLOMON KATSMAN, TO A NEW CLIENT

What the first consultation actually looks like.

Solomon's first conversation with a new client is a working session. There is no pitch. There is no product presentation. He needs to understand your situation before he can tell you what is available to you, and *that is exactly what the consultation is designed to do.*

— **Your current retirement structure.** What plan you are in, what you are contributing, and what the actual ceiling is for that plan type given your income.

— **Your income profile.** Net income, business structure (S-corp, sole proprietor, partnership), and how consistent that income has been over the last three years.

— **Your age and retirement timeline.** This is the core input for the actuarial math. The closer you are to your target retirement date, the higher your allowable annual contribution - which means a larger deduction.

— **The gap.** What you are currently sheltering versus what you could be sheltering under an optimized structure, calculated for your specific numbers.

— **What happens next.** A clear action plan for the current tax year if there is time to act, or a documented strategy for the following year if there is not.

You leave that conversation knowing exactly where you stand. If a DB plan makes sense for your situation this year, you leave with a specific contribution projection and a timeline for getting the plan established before December 31. If it does not make sense yet, you leave with a clear explanation of why and what the right move is instead. **Solomon does not send people home in ambiguity.**

What Solomon does not do.

He does not manage the investments inside the plans he designs. He does not replace your CPA. He coordinates with them directly, ensuring the plan is reflected correctly in your filing and that the annual IRS certification happens on schedule.

He is not a generalist financial advisor who also does retirement planning on the side. He designs *one type of structure, at a very high level,* and that focus is exactly why the CPAs who know him send their most valuable clients his way.

- CHAPTER V -

The window is open. *Here is what to do with it.*

If you have read this far, you already know more about what is available to you than most business owners at your income level ever learn. You know what a DB plan is, how the contribution level gets calculated, why December 31 is a hard deadline, and what the realistic tax savings range looks like for someone in your position.

What you do not know yet is *your specific number.* Not the range from the table in Chapter 2, but the actual contribution figure calculated from your age, your income history, and your business structure. That number requires an actuary, and getting it requires a conversation.

That is the only next step. Not more research. Not another guide. **A 30-minute conversation where Solomon looks at your actual situation and tells you what is available for this tax year, specifically.**

Three things that need to happen before December 31.

I. **A consultation that produces your specific contribution projection.** Solomon reviews your income, age, and business structure and tells you exactly what a DB plan would shelter for you this year. This is the conversation that determines whether you act now or plan for next year.

II. **Plan design and formal adoption.** Once the actuarial calculation is confirmed, the plan document is drafted and adopted. This step has to be completed before December 31. It typically takes three to five weeks from the initial consultation when the process starts with enough lead time.

III. **CPA coordination.** Solomon works with your existing CPA directly. The plan needs to be reflected accurately in your annual filing, and the actuary files annual certification with the IRS. A brief coordination call between Solomon, the actuary, and your CPA handles this cleanly.

The full timeline from first consultation to plan adoption is typically *four to eight weeks.* If you are reading this before October, you have plenty of runway. If it is November or early December, the window is tight but still open. If it is after December 31, the conversation shifts to making sure next year is locked in from the start.

Who this works best for.

Solomon is straightforward about this with everyone he meets. A DB plan is not the right call for every business owner who walks through the door. The structure requires a multi-year commitment to actuarially determined contributions. If your income has been highly variable, or your business is less than three years old, a DB plan is probably a conversation for the near future rather than right now. There are shorter-cycle structures - a redesigned SEP IRA or a Section 162 arrangement - that may make more immediate sense.

But if your net income has been consistently above $300,000 for at least three years, if you are between 42 and 65, and if you have a CPA who is open to coordinating with a specialist, *you are almost certainly a strong candidate.* The consultation will tell you exactly where you land.

A 30-MINUTE CONVERSATION

Ready to see *what your number* actually is?

The consultation is complimentary. No commitment, no pressure, no obligation to move forward. Solomon will look at your income, your age, and your business structure and tell you *what is realistically available* to you this tax year.

If a DB plan does not make sense for your situation right now, you will leave knowing exactly why and what the better option is instead. If it does make sense, you will leave with a specific projected contribution, an estimated tax savings figure, and a clear timeline for getting the plan established before December 31.

Either way, you leave knowing something most business owners at your income level *never find out.*

Schedule your complimentary consultation.

SOLOMONKATSMAN.COM

A 30-minute conversation that could change what you owe this April.

ABOUT SOLOMON KATSMAN

Solomon Katsman is a Wealth Strategist and Defined Benefit Plan Specialist at Alpha Innovation Partners, based in the San Francisco Bay Area, California. He works exclusively with profitable business owners on retirement plan design and tax reduction strategy, coordinating directly with their existing CPAs to get plans established correctly and on time. Every client he works with describes the same thing before they found him: a CPA they trusted, a retirement account they were told was maxed out, and a tax bill they had accepted as inevitable. His job is to show them what was available the whole time.

This guide is provided for educational and informational purposes only. It does not constitute legal, tax, or financial advice. The figures and contribution ranges presented are illustrative and based on current IRS limits for 2026. Individual results will vary based on age, income, business structure, and other factors. Always consult a licensed tax professional and actuary before establishing a retirement plan. Advisory services offered through Alpha Innovation Partners.