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BUSINESS OWNERS

The American Institute of CPAs is urging Congress to consolidate and simplify the types of tax-favored retirement plans now available to small business owners.

Oct. 17, 2013

[The American Institute of CPAs](#) is urging Congress to consolidate and simplify the types of tax-favored retirement plans now available to small business owners. In a written statement, the AICPA stated that offering fewer types of retirement plans would minimize the cost and administrative burden imposed by the plans.

“When a small business grows and begins to explore options for establishing a retirement plan, the alternatives, and the various rules, can become overwhelming,” said Jeffrey A. Porter, chair of the AICPA Tax Executive Committee, in the testimony. “To determine which plan is right for their business, owners must consider their cash flow, projected profitability, anticipated growth of the work force, and expectations by their employees and co-owners. The choices are overwhelming, and many are too complex or expensive for small business owners.”

Porter identified the following possible measures for simplifying the number and complexity of the various types of retirement plans:

- Create a uniform employee contributory deferral type plan
- Eliminate the nondiscrimination tests based on employee pre-tax and Roth deferrals for 401(k) plans
- Create a uniform rule regarding the determination of basis in distributions
- Create a uniform rule of attribution
- Create a uniform definition for terms to define owners
- Eliminate the required minimum distribution rules

- Create uniform rules for early withdrawal penalties

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