THE WALL STREET JOURNAL.

SCOTTSDALE, Ariz.- Stonegate Financial Group CEO Jameson Van Houten was sourced in The Wall Street Journal Wealth Advisor section released in August titled “Boosting a Widow’s Retirement Savings.”

The couple's software business was growing steadily when they scheduled a meeting with financial adviser Jameson Van Houten to discuss their overall financial plan and tax strategy.

But the husband died of a heart attack before their appointment with the husband gone, a few things became paramount for the surviving spouse, Mr. Van Houten says: The wife, who was 56, needed to make up for the loss of her husband's income, set herself up for retirement and help the business retain its dozen or so employees.

After he passed away, the dynamics of what she needed changed quite a bit," says Mr. Van Houten, chief executive of Stonegate Financial Group, based in Scottsdale, Ariz. Stonegate manages more than $210 million for 190 clients. The couple had less than $100,000 in savings because they always reinvested any distributions from their growing company back into the business.

Mr. Van Houten then found a solution to the widow's potential retirement shortfall by making one big change: shifting the company's Savings Incentive Match Plan for Employees of Small Employers to a combination of a defined-benefit plan and a Safe Harbor 401(k) that included a profit-sharing element.

"This was the ultimate catch-up strategy," says Mr. Van Houten.
The advantage of the defined-benefit 401(k) strategy was the ability for the woman to infuse the plan with large donations of pretax dollars, and then recoup most of those contributions for her own retirement. Mr. Van Houten says the goal was for his client to get back 85% of what she put into the company's plan, leaving the rest to continue growing for her employees' benefits.
The woman's annual contribution limits would be based on a formula that factored in her retirement age, her personal salary and the ages of the rest of the employees. The combined plans allot more money to those closest to retirement, the adviser explains. So because the client was nearing retirement age--while the rest of her staff was much younger--the majority of those contributions would come back to her.

THE WALL STREET JOURNAL.

Mr. Van Houten notes that if a business owner's goal is primarily personal-retirement savings, then the combined strategy works best if more than half of the company's employees are at least 10 years younger. "The key to making this work is the company's demographics," he says.
Mr. Van Houten worked with a third-party administrator to determine how much the woman could contribute. Increasing her salary to $235,000 and placing her retirement age at 62 allowed the woman to contribute $305,000 pretax to the retirement plans. Boosting her salary was vital because the formula considers salary, not distributions, as income. However, it also helped replace her husband's income and provided money for her living expenses.
The move also saved his client more than $111,000 in income tax the first year, because she likely would have received the $305,000 as distributions, putting her in the highest tax bracket. Now 61, the woman has continued to bolster the retirement plan, which now contains more than $1.5 million, with additional contributions.

Meanwhile, Mr. Van Houten says the employees are happy to know that the remaining 15% left in the plan after her retirement--plus the associated earning from the combined plans--will boost their own retirement savings. The added perk has helped the company retain all of its employees. "Comprehensive financial and business planning is very integrated for business owners," Mr. Van Houten says. "You have to look at the big picture, drill down into the details and strategies and listen and understand the client."

For a copy of the article, visit http://online.wsj.com/article/SB10001424127887324619504579030642474018008.html. For more information about Stonegate Financial Group and/ or President Jameson Van Houten visit www.stonegatefinancialgroup.com or call (602) 953-8450.