TAX EFFICIENT SOLUTIONS
Creating An Arbitrage

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He Thought His Planning Was Complete and He Was "All Set"

How a Private-Practice Physician Realized $200,000 in Annual Tax Savings Through Supplemental Planning

A pain management physician in New Jersey had built a successful private practice while raising a young family. He already worked with a trusted CPA and financial advisor and was maximizing contributions to his existing 401(k) and defined benefit plan.

Even with that planning in place, he was paying more than $800,000 in taxes annually. He believed he had done everything possible and that higher earnings simply came with a higher tax bill.

A Closer Review Revealed Additional Capacity

Our defined benefit specialist reviewed his tax returns, discussed his cash flow, and evaluated his existing arrangements. The specialist then developed a feasibility study showing how a supplemental specialized defined benefit plan could fit his circumstances.

The study identified more than $750,000 in **additional** contribution capacity on top of what he was already funding. This figure represents the capacity identified, rather than the amount he actually contributed; he elected to do an additional 500k in contributions.

He added the supplemental plan while retaining his existing advisors and retirement arrangements.

The Planning Reflected His Business Priorities

Reducing taxes was only part of the decision. The physician also wanted to keep sufficient liquidity available to reinvest in his growing practice.

The approach reflected both priorities: Implementing additional retirement planning/Reducing his tax bill and preserving cash for the business.

The Realized Outcome

The physician realized $200,000 in additional annual tax savings. His annual taxes went from more than $800,000 before the planning to approximately $600,000 afterward.

Reflecting on the experience, he said:

“I wish my CPA referred me to you earlier.”

For this physician, reviewing his existing planning uncovered an additional opportunity that supported his retirement and business goals.

Could A Review of Your Clients Existing Planning Reveal Additional Opportunities That Fits Their Priorities?

Our defined benefit specialist starts by understanding what they already have, what they want to accomplish, and the cash flow their business needs. It is not about replacing what/who they have; it is about how our defined benefit specialist can supplement what they are already doing.

This case describes one client’s experience and is not necessarily representative of other clients’ results. It does not guarantee future tax savings or similar outcomes. Contribution capacity and tax treatment depend on individual circumstances, plan design, applicable limits, and tax law. Defined benefit plans involve funding obligations, administrative costs, and restrictions on access to retirement funds. Current tax reductions should not be interpreted as permanent elimination of tax; taxable distributions may be subject to tax later. Any strategy requires individualized review with qualified tax and plan professionals.