MRB Capital Group

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THE OWNER'S EXIT & RETIREMENT TOOLKIT

A Planning Guide for Business Owners & the Self-Employed

2026 EDITION

PRESENTED BY

MRB Capital Group, LLC

www.mrb-capital-group.com · 407-220-0740

WHAT'S INSIDE

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How to use this toolkit

Your business is probably your largest asset, your main source of income, and your de facto retirement plan — all at once. This guide walks through the decisions self-employed professionals and small business owners face that employees never do, in plain English.

It is educational, not personal advice. Each section ends with the question to answer for your own situation, and Section 11 collects them into a twelve-month action checklist. When a decision feels like yours to make, that is exactly what a conversation with an adviser is for.

1. The Problem: When the Business Is the Plan

Most owners reinvest everything into the business — reasonable while growing, dangerous as a permanent strategy.

Concentration built your success. It is also the single biggest risk to your retirement: your net worth sits in one illiquid, hard-to-value asset whose worth may depend heavily on you personally. Three questions reveal the exposure:

- **Diversification.** If the business had a bad three years, what percentage of your net worth goes with it? For many owners the honest answer is 70–90%.
- **Liquidity.** If you needed retirement income to start in five years, what would you actually sell — and to whom? A buyer you haven't identified is not a plan.
- **Transferability.** Does the business have value without you in it, or is it really your own job with overhead? Revenue that walks out the door when you do can't be sold.

Three owner profiles — which is closest to you?

- **The Operator.** The business runs on your hands and reputation (trades, consulting, a practice). Value is mostly personal goodwill; the retirement plan must be built almost entirely outside the business.
- **The Builder.** You've built systems, staff, and recurring revenue that function without you day-to-day. A sale is realistic — the work is maximizing and protecting transferable value while still moving money out along the way.
- **The Late Starter.** Strong income, thin outside savings, retirement inside 10–15 years. Your levers are the high-contribution plans in Section 2 and the disciplined savings rate they force.

None of these has a wrong answer, but each question you can't answer is a gap this toolkit is designed to close. Question to answer: which profile are you — and what percentage of your net worth is inside the business?

2. Retirement Plans Built for Owners

Owners get options employees never see — with dramatically higher limits than an IRA alone.

The right choice depends on income level, whether you have employees, and how much you want to shelter. The 2026 limits:

Plan	2026 Max Contribution	Best For	Watch Out For
Solo 401(k)	$24,500 employee deferral + employer share, up to $72,000 combined ($80,000 age 50+)	Owner-only businesses (plus spouse) wanting maximum shelter; allows Roth deferrals and catch-ups	Not available once you have non-spouse employees; Form 5500-EZ filing above $250k in assets
SEP-IRA	Up to 25% of compensation, max $72,000	Simple setup, flexible year-to-year funding, works with irregular income	Employer money only — no employee deferral or catch-up; must fund eligible employees at the same percentage
SIMPLE IRA	$17,000 deferral + employer match	Businesses with a small team wanting low-cost, low-admin employee benefits	Lower limits; steep early-withdrawal penalty in the first two years; less room for owner shelter
Cash Balance / Defined Benefit	Actuarially determined — often $100,000 to $300,000+ per year at later ages	High, stable-income owners (often 50+) wanting to shelter far beyond 401(k) limits, typically stacked on a 401(k)	Required annual funding commitment; actuary and admin costs; needs several years to pencil out

How the numbers actually work — one example

Take an S-corporation owner, age 52, paying herself a $150,000 salary. In a Solo 401(k) she can defer $24,500 as an employee plus the $8,000 age-50 catch-up, and the corporation can contribute 25% of her salary — $37,500 — as the employer share. Total shelter: **$70,000 in one year**, versus $8,600 if she only had an IRA. Run the same person through a SEP and the ceiling is the employer piece alone ($37,500) — which is why the Solo 401(k) usually wins for owner-only businesses once income supports it.

Deadlines that bite

- **Solo 401(k):** the plan must exist by year-end for employee deferrals to count (employer share can follow at tax time). Don't discover this in March.
- **SEP-IRA:** the forgiving one — can be opened and funded up to your tax-filing deadline including extensions, which makes it the classic catch-up move for a big year you didn't plan for.
- **Cash balance:** must generally be established well before year-end, and the actuarial design takes weeks — a September conversation, not a December one.

The pattern: Solo 401(k) for most owner-only businesses; SEP for simplicity and lumpy income; SIMPLE as an employee-benefits play; cash balance as the heavy artillery when income is high and retirement is inside fifteen years. All of these stack with personal IRAs. Question to answer: which plan fits this year's income — and is last year's choice still right?

3. Entity Structure & What It Changes

Your entity type quietly sets the rules for taxes, retirement contributions, and what you can sell.

- **Sole proprietorship / single-member LLC.** Simplest to run; all profit is self-employment income (15.3% SE tax up to the wage base, Medicare beyond). Retirement contributions calculate from net self-employment earnings. A sale is a sale of assets, not an entity.
- **S-corporation.** Splits your take into salary (payroll-taxed, counts for retirement plans) and distributions (no payroll tax, doesn't count for plans). The savings are real at higher profits — but the salary must be defensible, and lowballing it shrinks both your retirement-contribution base and, eventually, your Social Security record (Section 8).
- **Partnership / multi-member LLC.** Guaranteed payments and K-1 income drive the calculations; retirement plans work but the mechanics run through the partnership. Buy-sell planning (Section 9) is non-optional with partners.
- **C-corporation.** Rare for small owners, but relevant for one exit-side prize: Qualified Small Business Stock (QSBS) can exclude substantial capital gains on a sale if strict requirements are met for five-plus years. If a third-party sale is your endgame, ask about it early — it can't be retrofitted.

> **The point is coordination, not complexity**
>
> Entity choice, salary level, retirement plan, and exit path are one decision wearing four costumes. Changing one changes the others — which is why the annual review in Section 11 looks at them together rather than letting each professional optimize their own corner.

Question to answer: when did you last revisit your entity choice against your current profit level — and your intended exit?

4. Paying Yourself: Salary, Distributions & QBI

How you pay yourself changes both your tax bill today and your retirement capacity tomorrow.

For S-corporation owners, salary must be “reasonable” for the work performed — but salary is also the only compensation that counts for retirement plan contributions. Set it artificially low and you save payroll tax while quietly shrinking what you're allowed to shelter. Sole proprietors and partners calculate from net self-employment earnings instead.

- **The tension.** Lower salary = less payroll tax today, smaller retirement base tomorrow. The optimum is rarely either extreme, and it moves as profits move.
- **The QBI interplay.** The 20% qualified business income deduction (made permanent in 2025) interacts with owner salary and retirement contributions — pre-tax contributions reduce QBI, which can partially offset their benefit for some owners, while Roth-style contributions don't. This is a run-the-numbers decision, not a rule of thumb.
- **A worked contrast.** At $200,000 of S-corp profit, an $80,000 salary versus a $120,000 salary changes payroll tax by roughly $6,000 — but also changes the maximum employer retirement contribution by $10,000 (25% of the difference), the QBI base, and the Social Security record. Optimizing one number in isolation reliably gets the whole picture wrong.

Question to answer: does your current salary/distribution split serve this year's taxes at the expense of your retirement base — and who is checking the whole equation?

5. Tax Levers Only Owners Have

Employees take the tax code as given. Owners get to make choices — each with paperwork attached.

- **Income timing.** Cash-basis businesses can shift invoicing and expenses across year-end to manage bracket exposure — most valuable in unusually high or low years, and around threshold cliffs (QBI phase-outs, capital-gains brackets, Medicare IRMAA once you're near 65).
- **Hiring family.** Legitimately employing a spouse or children moves income to lower brackets and can open retirement-account and benefit eligibility for them. The guardrails: real work, market-reasonable pay, and payroll records that would survive an audit — the strategy fails on documentation, not on concept.
- **The HSA as stealth retirement.** With a qualifying high-deductible health plan, an HSA is the only triple tax advantage in the code: deductible going in, tax-free growth, tax-free out for medical. 2026 limits: $4,400 individual / $8,750 family. The power move is paying current medical costs out of pocket, keeping the receipts, and letting the HSA compound — it becomes a dedicated healthcare-retirement account you can also reimburse yourself from years later.
- **Augusta rule.** Rent your home to your business for up to 14 days a year (board meetings, planning retreats) — deductible to the business, tax-free to you — at documented market rates with real business purpose.
- **Accountable plans & home office.** Reimburse yourself for business use of personal assets through a written accountable plan; smaller dollars, but clean and repeatable.

> **December is too late**
>
> Nearly every lever on this page must be executed — or at least decided — before year-end, and several (plan establishment, reasonable-comp studies, family payroll) need lead time. The planning value is knowing which levers exist in September, not discovering them in April.

These are coordination items with your tax professional. Question to answer: which two levers are you not currently using — and what would each be worth this year?

6. The Gap Worksheet — with a Worked Example

Retirement readiness for an owner is one subtraction: what retirement costs, minus what you've built outside the business.

- **Line 1 — Annual retirement spending.** Your target lifestyle, honestly priced, including healthcare before Medicare.
- **Line 2 — Capital required.** A first approximation: annual spending, less Social Security and other guaranteed income, multiplied by 25.
- **Line 3 — Outside assets.** Retirement accounts, taxable investments, real-estate equity you would actually harvest. Not the business.
- **Line 4 — The gap.** Line 2 minus Line 3: what the business must net you, after taxes and debts, at exit.

Worked example — “Dan,” 54, electrical contractor

Line	Item	Amount
1	Target retirement spending	$110,000 / yr
–	Less: projected Social Security (him + spouse)	– $52,000 / yr
2	Capital required: $58,000 × 25	$1,450,000
3	Outside assets today (401(k), IRAs, brokerage)	$620,000
4	The gap — what the business must deliver, net	$830,000

Now the uncomfortable comparison: Dan's shop earns about $260,000 of seller's discretionary earnings, and businesses like his trade at roughly 2–2.5× — call it **$520,000–$650,000 before taxes and transaction costs**. His gap doesn't close on a sale alone. That's not a failed plan — it's a found problem, ten years early: at 54, redirecting $45,000 a year into a Solo 401(k) plus catch-ups closes the difference by 64 without needing a heroic sale price. Owners who run this math at 60 have fewer options than owners who run it at 50.

> **If the gap only closes at a fantasy multiple**
>
> If closing Line 4 requires selling at a multiple your industry has never paid, the plan isn't a plan — it's a hope. The remedy is almost always the same: systematically move value out of the business and into outside assets during your working years, which is precisely what the plans in Section 2 exist to do.

Question to answer: what is your Line 4 number — and does it survive contact with your industry's real multiples?

7. Exit Paths & What They Mean for the Math

The plan for a 55-year-old differs sharply by which door they expect to walk through.

- **Third-party sale.** Highest potential value, longest preparation: clean books, transferable operations, reduced owner-dependence — typically a 2–5 year project. Proceeds often arrive partly as earnouts or seller financing, which changes when income actually starts and adds buyer-performance risk to your retirement.
- **Internal succession.** Selling to family, partners, or key employees usually means a lower price paid over time — friendlier legacy, heavier dependence on the buyer's continued success. Buy-sell funding and life insurance often carry the structure; the tax treatment of installment sales matters here.
- **Orderly wind-down.** For owner-dependent practices, sometimes the honest answer is maximizing income and outside savings for a final stretch, then closing well. That makes Sections 2 and 6 the entire retirement plan — and there is nothing wrong with that when it's chosen rather than defaulted into.

What buyers actually pay for

Small businesses generally trade on a multiple of seller's discretionary earnings (SDE) or EBITDA, and the multiple moves with transferability: documented processes, a manager who isn't you, customer contracts and concentration, recurring revenue, and clean financials. Two shops with identical profit can sell for prices a full multiple apart — which means the highest-return “investment” many owners can make in their last five years is making the business less about them.

> **Timeline reality check**
>
> A prepared exit is a project measured in years: 3–5 years of preparation, 6–12 months of sale process, and often 1–3 years of transition or earnout. Count backward from your target retirement date — for most owners, the exit clock starts sooner than intuition says.

Question to answer: which path is yours — and does anyone else (spouse, partners, key employees) know it?

8. Social Security for the Self-Employed

You pay both halves of the tax — make sure you're actually building the benefit you're paying for.

- **The 35-year rule.** Your benefit averages your 35 highest-earning years, indexed. Years with zero or minimal reported earnings — common in early business years, or under an aggressive S-corp salary — drag the average down permanently.
- **The S-corp trade-off, quantified.** Distributions avoid payroll tax and also avoid the earnings record. A career of minimal salary can mean a noticeably smaller benefit for you and, importantly, for a lower-earning spouse claiming on your record. The payroll tax you save is not free money; part of it is a benefit you're declining.
- **Timing still applies.** Claiming at 62 permanently reduces the benefit by up to ~30% versus full retirement age; waiting to 70 earns roughly 8% per year of delay. For owners with business income continuing past 62, early claiming plus the earnings test is usually a poor combination.
- **Check the record.** Open your SSA account annually and verify reported earnings — self-employed reporting errors are more common than W-2 errors, and corrections have time limits.

Question to answer: how many of your 35 years are strong — and does your current salary strategy respect the benefit you're buying?

9. Protection Gaps That Undo Everything

One uninsured event can erase a decade of disciplined planning.

- **Disability.** For an owner, disability is a double loss — income stops and business value erodes simultaneously. Personal disability coverage replaces your paycheck; business overhead expense coverage keeps the lights on and the value intact while you recover. They solve different halves of the same event.
- **Key person.** If the business's value walks around on two legs — yours or a key employee's — key person insurance buys the business time and preserves sale value for your family if the worst happens mid-plan.
- **Buy-sell agreements.** Co-owned businesses need a funded agreement covering death, disability, and departure, with a valuation method everyone signed while friendly. Unfunded agreements are expensive paper; outdated valuations are lawsuits.
- **Umbrella & entity hygiene.** An inexpensive personal umbrella policy plus clean separation of business and personal finances is the layer that keeps a business liability from reaching retirement assets.

Question to answer: which of these four exists in your situation today — in writing, funded, and reviewed since your business last doubled?

10. Owner FAQ — Quick Answers

"I'd rather invest in my business than a 401(k). Isn't my return better?"

Often yes — which is exactly why the question is diversification, not returns. The 401(k) dollars aren't competing with the business; they're insuring against it. The goal is a retirement that survives the business having a bad decade.

"Isn't the business itself my retirement plan?"

It's an asset with a wide range of outcomes. Section 6's worksheet prices exactly how much weight it must carry — for most owners the honest answer is "some, not all."

"Solo 401(k) or SEP — just tell me."

Owner-only and want maximum shelter or Roth options: Solo 401(k). Want dead-simple setup, have lumpy income, or missed the year-end deadline: SEP. Have employees: neither — look at SIMPLE or a full 401(k).

"When should I start preparing to sell?"

Five years before you want to close, minimum — buyers pay for trends and transferability, and both take years to demonstrate. Even if you never sell, a sale-ready business is a better business to own.

"What's the single most common mistake you see?"

Optimizing taxes in isolation: the salary that minimizes payroll tax also minimizes retirement contributions and the Social Security record. The second most common: waiting until the exit is 18 months away to start any of this.

"I'm behind. Is it too late?"

At high owner income the catch-up math is faster than employees can manage: a Solo 401(k) with catch-ups plus a cash balance plan can shelter well into six figures per year in the final decade. Late is a design constraint, not a verdict.

11. The Twelve-Month Checklist

When	Action
This month	Complete the Section 6 gap worksheet; identify your owner profile (Section 1); confirm which retirement plan you're eligible for and whether it's right for current income.
Within 90 days	Review compensation structure with your tax professional (salary split, QBI, contribution base); inventory the four protection items in Section 9; open your SSA account and check the earnings record.
Before September 30	If a cash balance or new 401(k) plan is on the table, begin setup — several plan types must exist well before year-end to count for the year. Revisit entity structure against current profit.
Fourth quarter	Execute income-timing decisions; confirm contributions are on track; fund the HSA if eligible; document family payroll and Augusta-rule usage.
Annually	Re-run the gap worksheet, revisit the exit path and timeline, update the buy-sell valuation, and adjust as income, family, and the business change.

You don't have to coordinate this alone — aligning the retirement plan, the tax strategy, the protection layer, and the exit math is exactly what we do for business-owner clients. If any section raised a question about your situation, that conversation is free.

A no-obligation conversation

If this toolkit raised questions you'd like straight answers to, that's what an introductory conversation is for. No cost, no obligation, no sales pitch — a clear look at where you stand and what, if anything, is worth addressing.

MRB Capital Group, LLC · (407) 220-0740 · ClientSupport@mrb-capital-group.com · mrb-capital-group.com

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