

# THE BEAR MARKET IS YOUR FRIEND!

## Your Free Guide to NEW Retirement Opportunities in 2023



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As a sole proprietor or small business owner, you want to provide the best benefits for yourself and your employees. You're always looking for ways to make your money work harder to provide everyone with the most sound financial future possible. But when the stock market takes a turn for the worse, it can be hard to know what to do.

Bear markets can certainly create pessimism and uncertainty in the short term, and it is tempting for many to pull back on investments during a market decline. However, it's important to remember that these downturns can create opportunities for savvy investors. If you are one of the many small businesses unaware of the SEP IRA or the recent legislation resulting in the advent of the SEP Roth IRA plan, this guide is for you.

## What Options Do I Have?

This guide will look at the Roth IRA, SEP IRA, and SEP Roth IRA retirement savings accounts. Understanding the differences between the types of accounts can make them powerful tools for building long-term wealth.

### ROTH IRA

A Roth IRA is an individual retirement account (IRA) that allows individuals to save for retirement by contributing after-tax income and potentially earning tax-free gains on their investments. Unlike traditional IRAs, the money you withdraw in retirement, as long as you meet the defined requirements, is also tax-free. Key benefits of a Roth IRA

- allows for tax-free growth
- allows for tax-free withdrawals in retirement
- no required minimum distributions (RMDs)

To be eligible to contribute to a Roth IRA, you must have earned income and meet certain income limits. The maximum annual contribution limit for a Roth IRA is \$6,000 (as of 2023) or \$7,000 if you are age 50 or older.

### SEP (Simplified Employee Pension) IRA

A Simplified Employee Pension (SEP) IRA is a type of Individual Retirement Account (IRA) that an employer establishes to provide employee retirement benefits. Small businesses or self-employed individuals typically use SEP IRAs to offer themselves or employees a simple and cost-effective retirement plan.

- The employer contributes to the employee's IRA account on a tax-deductible basis. A set formula that considers the employee's salary and the contribution percentage established by the employer determines the contribution amount.
- Employees do not contribute to a SEP IRA; the employer makes the total contribution. The contributions made by the employer are limited to a certain percentage of the employee's salary, and each year there is a cap on the maximum contribution amount that employers can make.
- SEP IRAs are a popular retirement savings option for small businesses and self-employed individuals because they are easy to set up and administer.
- They offer tax benefits to both the employer and the employee. SEP IRAs offer flexible contribution limits and no mandatory contributions, making them a simple and convenient way for employers to provide retirement benefits to their employees.

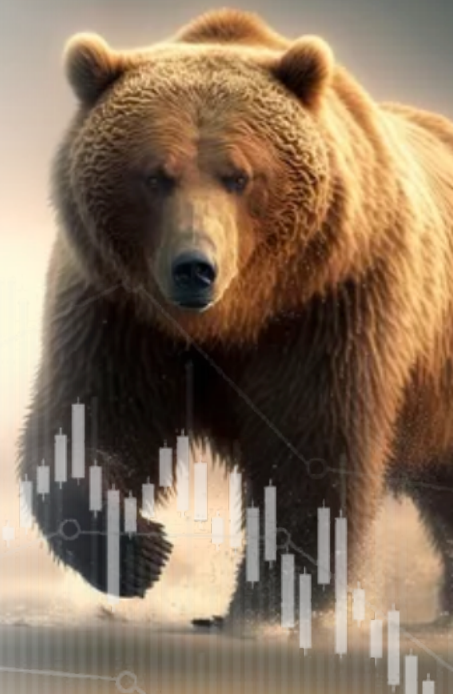
## SEP ROTH IRA

Before the Secure 2.0 Act in December 2022, SEP IRAs could only accept pre-tax funds. For tax years starting in 2023, SEP IRAs offer Roth options, rollover of unused 529 funds, and after-tax contributions creating the best of both worlds and opportunities for the savvy investor.

A SEP Roth IRA is a type of Individual Retirement Account (IRA) that an employer establishes to provide employee retirement benefits. A SEP Roth IRA combines the features of a Roth IRA and a Simplified Employee Pension (SEP) plan.

- Employers make contributions to a SEP Roth IRA on a tax-deductible basis.
- Employees make contributions on an after-tax basis. (the contributions made by the employee are not tax-deductible, but the earnings on those contributions grow tax-free)
- When the employee retires, the withdrawals from the SEP Roth IRA are tax-free, provided that the account has been open for at least five years and the employee is over 59 1/2 years old.

The SEP Roth IRA is a popular retirement savings vehicle because of the tax-free growth and withdrawals, which can provide a valuable source of income during retirement, and both employer and employee can make contributions.



## Why is a Bear Market a Good Time to Invest in Retirement Savings Accounts?

When stock prices are low, it can be tempting to hold off on investing until the market recovers. But in fact, this can be a great time to buy. Investing during a bear market can potentially lock in lower prices and allow you to reap the rewards when the market bounces back. And because you won't owe taxes on your gains, you can keep more of your money in your pocket! So, while it may be tempting to pull back during a bear market, new investments, staying the course, and adding to your investments can be a wise choice for those with a long-term view.

## How do I Get Started with a SEP Roth IRA?

You'll need to decide how much you want to contribute each year (up to \$6,000 for individuals under 50 or \$7,000 for those 50 and over) and choose your investments. It's important to remember that investing involves risk, so you'll want to research and work with a financial advisor to ensure you're making wise choices.

Our Mission at Redstone Capital Management is to build lifelong client relationships based on personal service, trust, and an emphasis on absolute return on investments. We provide a comprehensive plan, research, ongoing guidance and direction, and proactive investment management to achieve this result. We are different from other financial planning and advisory groups because we are selective about the clients we work with and offer an unparalleled level of personal service that is inclusive and family oriented. We focus on what is important to you - our client - and how our successful working relationship can affect your lifestyle and legacy. We believe that you worked hard for your money and that your money should work hard for you.



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Schedule a consultation with one of our advisors today to see if this opportunity fits your financial planning goals.

7231 E. Princess Blvd. Suite 201 Scottsdale, AZ 85255  
redstonecapitalmanagement.com

(480) 685-2931  
kevin@redstonecapitalmanagement.com  
jacquie@redstonecapitalmanagement.com