

As Seen In

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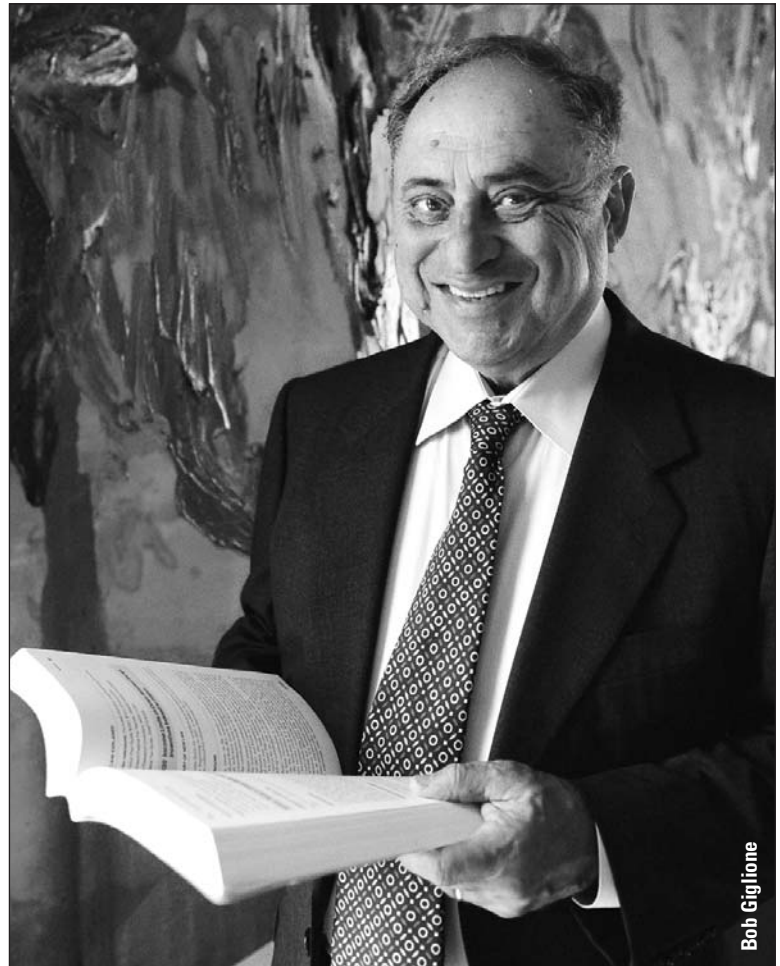
MINUTES
with...

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Designed primarily for companies facing big pension liabilities, the newly enacted, hugely complex federal pension law throws a few bones to small businesses and even touches on charitable giving for everybody. Richard Reichler, tax counsel at Meltzer, Lippe, Goldstein & Breitstone in Mineola, discusses.

This bill was written with GM in mind, but how will it affect smaller Long Island companies? There are two answers to that question. One is that there are changes in the bill that will have an effect on almost all plans because they're really targeted at 401(k) plans – for example, the provision allowing investment advice by those who may be managing retirement money.

Then, there are provisions in other parts of the forest, particularly in the charitable area, that will affect all the taxpayers on Long Island. For example, there are limitations on charitable donations of property. If you give clothing away and you want to deduct it, it has to be useful.



Defined-benefit plans have come under fire, but is it true the new law actually makes them appealing for small businesses for tax-related reasons? If you're looking at the kind of tax that maximizes the amount of deductible contributions, this legislation, by liberalizing the deduction limitations on most plans, [allows for] deductions that are much larger than you can get with a 401(k) plan. If one was motivated to choose a form of plan because of the magnitude of the annual deduction, it's here.