

Solo 401(k) Plan

FACT SHEET

The Solo 401(k) Plan gives small business owners the chance to save for retirement in a way previously available only to corporate America.

Solo 401(k) Plan Overview				
Tax Advantages		<ul style="list-style-type: none">Overall contributions can exceed 25% of compensationParticipant traditional 401(k) deferrals are pretaxEmployer contributions are tax deductibleParticipant Roth 401(k) contributions are after-taxTax deferral maximizes the compounding value and increases the owner’s ultimate retirement income		
Solo 401(k) Plan Features		<ul style="list-style-type: none">Participants can elect to defer from 0% up to 100% of their income, up to the listed maximums:		
		Tax Year	IRS Maximum Contribution	Age 50+ Catch-up Contribution
		2025	\$23,500	\$7,500
				Age 60-63 Catch-up Contribution
				\$11,250
		<ul style="list-style-type: none">Salary deductions make participant deferrals/contributions convenient and easyParticipant traditional 401(k) pretax deferrals reduce their Federal, State* and Local* income taxes but are subject to Social Security (FICA) taxParticipant Roth 401(k) after-tax contributions are subject to State, Federal and Social Security (FICA) tax		
Basic Plan Features		<ul style="list-style-type: none">Sponsorship is limited to businesses that employ no common law employees. Only owners and their spouses may participateEmployer discretionary “profit sharing” contributions are available each year up to 25% of compensationParticipants can defer up to the lesser of 100% of compensation or the listed maximum for the yearTaxable distributions due to disability, death or after age 55 and severance from employment avoid the IRS 10% early withdrawal penaltyParticipants can defer any or all distributions until they are subject to IRS minimum distribution rules at the IRS RMD age.Younger owners benefit the most because they have more contribution opportunities and a longer period of tax-deferred earningsPlan loans are available		
Contributions		<ul style="list-style-type: none">Participant traditional pretax deferrals/contributions are availableParticipant Roth after-tax contributions are availableEmployer Contributions must be made before the due date (including extensions) of the Employer’s tax returnThe maximum annual addition to a participant’s account is 100% of their compensation, subject to a \$70,000 annual limit (2025), plus the applicable catch-up amount		

*Check with your tax advisor for your state and local income tax treatment.

Solo 401(k) Plan Overview		
Examples	Solo 401(k): Age 61 earning \$186,000 How much can be contributed?	
	Employer Contribution	\$46,500
	Salary deferral	\$23,500
	Age 60-63 Catch-up ¹	\$11,250
	Total (44% of pay)	\$81,250
	Solo 401(k): Age 55 earning \$50,000 How much can be contributed?	
	Employer Contribution	\$12,500
	Salary deferral	\$23,500
	Age 50+ Catch-up ¹	\$7,500
	Total (87% of pay)	\$43,500
Plan Suitability	Solo 401(k) Plans are favored when the Employer: <ul style="list-style-type: none"> • Wants to contribute more than 25% of compensation to the plan • Wants flexibility in making contributions 	
Advantages of a Solo 401(k) Plan over a SEP or Profit Sharing Plan	<ul style="list-style-type: none"> • Contributions can exceed 25% of compensation • Participants can contribute up to the lesser of 100% of compensation or the listed maximum deferral limit for the year, plus a 25% Employer Profit Sharing contribution • Participant Roth 401(k) contributions are available 	
Costs	Set up	\$100
	Take over	\$100
	Loan initiation fee	\$100 (one time)
	Loan maintenance fee	\$50 (annually) \$12.50 (quarterly)
	5500 EZ Preparation ² (optional)	\$150 (annually)
	Per participant fee	\$35 (annually)
	Manual Distribution fee	\$25 ³
	² Required only if assets exceed \$250,000. ³ Assessed for all withdrawal requests not submitted through the participant's online account.	
Participant Account Access	<ul style="list-style-type: none"> • Internet 24/7 • Interactive Voice Response Line 24/7 	

Your path *To and Through Retirement*[®] begins here.

Talk to your financial professional to see whether a Solo 401(k) Plan can complement your retirement portfolio or contact us at 800.747.5164.

¹ Beginning Jan. 1, 2025, 401(k) plan contribution catch-up limits will increase to \$10,000 or 150% of the regular catch-up limit (whichever is greater) for participants aged 60-63. This limit will be \$11,250 for 2025.

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The 401(k) is a Trust Account under §401(k) of the Internal Revenue Code. Security Distributors.

Withdrawals and other distributions of taxable amounts will be subject to ordinary income tax, and if taken prior to age 59½, a 10% federal tax penalty may apply. A withdrawal charge may also apply.

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