





Many small-business owners rely on their business as their sole retirement plan. However, establishing an actual retirement plan is a good idea, because it gives you options. Having options when you're ready to retire means you'll feel more satisfied and confident with whatever choice you make.

There are many benefits to having a retirement plan, such as:

- **Getting on the right track.** As a small-business owner, retirement planning is entirely up to you. Setting up a plan will get you going on the path to a reliable retirement.
- **Tax deductions.** All contributions made as an employer, are tax-deductible to your business.
- **Time is on your side.** All retirement plans offer tax-deferred growth on earnings, allowing your account to potentially grow at a faster rate than if you were paying taxes on it every year.
- **Diversified assets.**<sup>1</sup> Having a diversified portfolio may mean minimizing risk, may reduce volatility, and might expose you to more opportunities for return.

<sup>1</sup> Diversification does not assure a profit or insure against financial loss.

**Solo 401(k)s are individual retirement plans designed specifically for you, a business owner with no employees. These plans are easy to establish and maintain:**

- **Maximize your business deductions.** With this plan you are eligible to claim a deduction for the cost of the plan, including annual maintenance fees, helping reduce your business's income tax liability.
- **Generous contribution limits.** Since you are self-employed, you can contribute both as the employee and the employer, up to \$77,500.<sup>2</sup>
- **Roth contributions up to \$31,000.**<sup>2</sup> With both traditional or Roth options, you can choose the plan with the tax advantage that works best for you.
- **Ability to take out a loan.** You may borrow from the plan if you need to. Limits may apply.
- **IRA rollover flexibility.** You can rollover existing IRA accounts into this plan.
- **Consolidate your other retirement accounts.** You can roll your prior plan balances into this plan.
- **Spouse coverage.** The one exception to the no-employees rule is your spouse, as long as they earn income from your business.

<sup>2</sup> 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.