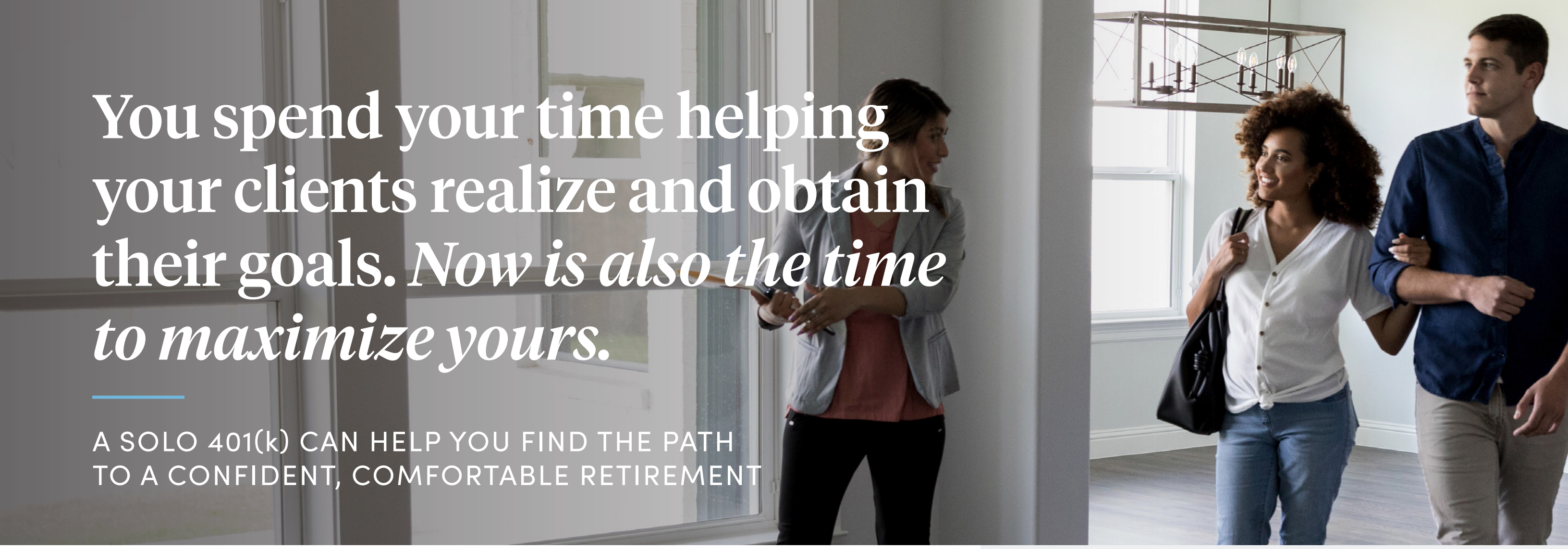

You spend your time helping your clients realize and obtain their goals. *Now is also the time to maximize yours.*

A SOLO 401(k) CAN HELP YOU FIND THE PATH TO A CONFIDENT, COMFORTABLE RETIREMENT

MORE THAN **50%** of all working households are at risk of being unable to keep up their standard of living in retirement.[1]

Most real estate professionals are independent contractors and operate their business as a sole proprietorship[2], and like many other small-business owners, rely on their business as their sole retirement plan. Establishing an actual retirement plan as early as possible 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.

Retirement plans have limits on the amount that can be contributed to them each year and one of the best plan types available to fully maximize contributions is the Solo 401(k) — an individual retirement plan designed for someone who is self-employed. These plans are easy to establish and maintain.

What is a Solo 401(k)?

A Solo 401(k) enables someone who's self-employed to save for retirement by deferring a portion of your income and allowing it to grow tax deferred until you make withdrawals.[3] This means your earnings are automatically reinvested and you can keep growing your nest egg.

A unique feature of this type of plan is the ability to contribute both as the employee and the employer, which could allow your contributions to exceed 25% of your compensation.

Features of a Solo 401(k):

- **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.
- **Maximize your business deductions.** 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.[4]
- **Roth contributions up to $31,000.[4]** 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.

[1] Center for Retirement Research, The National Retirement Risk Index: Version 2.0, May 2023
[2] Licensed Real Estate Agents - Real Estate Tax Tips | Internal Revenue Service (irs.gov)
[3] Withdrawals are taxed as ordinary income, and if made before age 59½, may be subject to a 10% penalty
[4] 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 will increase the potential for catch-up contributions to $11,250 (in 2025) for a total of up to $34,750 in Roth contributions and up to $81,250 in total contributions.

Security Benefit®

Solo 401(k) Annual Contribution Limits

	Under age 50	Age 50+	Age 60-63
Employee contributions	$23,500	$23,500	$23,500
Catch-up contributions[5]	--	$7,500	$11,250
Employer contributions	$46,500	$46,500	$46,500
Total Annual Limit	**$70,000**	**$77,500**	**$81,250**

When you are self-employed, you can contribute to a Solo 401(k) both as the employee and the employer, which may allow you to exceed the typical 25% contribution limit of your income.

Example

So how much can actually be contributed? We can illustrate this with the following example:

Mary, Real Estate Agent, Age 51

Annual earnings:	$100,000
Employee salary deferral:	$23,500
Catch-up contributions[5]:	$7,500
Employer contributions:	$25,000
Total (56% of annual earnings):	**$56,000**

There are many benefits to setting up a Solo 401(k) plan:

Getting on the right track. 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 the employer, are tax-deductible to your business. Employee contributions can be made pretax or Roth (after-tax).

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.[6] Having a diversified portfolio can help reduce risk, may reduce volatility, and might expose you to more opportunities for return.

[5] 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.
[6] Diversification does not assure a profit or insure against financial loss.

Talk to your financial professional to learn more or contact us at 800.888.2461.

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