

# 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												
<b>Tax Advantages</b>	<ul style="list-style-type: none"> <li>• Overall contributions can exceed 25% of compensation</li> <li>• Participant traditional 401(k) deferrals are pretax</li> <li>• Employer contributions are tax deductible</li> <li>• Participant Roth 401(k) contributions are after-tax</li> <li>• Tax deferral maximizes the compounding value and increases the owner's ultimate retirement income</li> </ul>											
<b>Solo 401(k) Plan Features</b>	<ul style="list-style-type: none"> <li>• Participants can elect to defer from 0% up to 100% of their income, up to the listed maximums:</li> </ul> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="background-color: #0070c0; color: white;">Tax Year</th> <th style="background-color: #0070c0; color: white;">IRS Maximum Contribution</th> <th style="background-color: #0070c0; color: white;">Age 50+ Catch-up Contribution<sup>1</sup></th> <th style="background-color: #0070c0; color: white;">Age 60-63 Catch-up Contribution<sup>1</sup></th> </tr> </thead> <tbody> <tr> <td style="background-color: #0070c0; color: white;">2026</td> <td>\$24,500</td> <td>\$8,000</td> <td>\$11,250</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>• Salary deductions make participant deferrals/contributions convenient and easy</li> <li>• Participant traditional 401(k) pretax deferrals reduce their Federal, State and Local income taxes but are subject to Social Security (FICA) tax<sup>2</sup></li> <li>• Participant Roth 401(k) after-tax contributions are subject to State, Federal and Social Security (FICA) tax</li> </ul>				Tax Year	IRS Maximum Contribution	Age 50+ Catch-up Contribution <sup>1</sup>	Age 60-63 Catch-up Contribution <sup>1</sup>	2026	\$24,500	\$8,000	\$11,250
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<b>Basic Plan Features</b>	<ul style="list-style-type: none"> <li>• Sponsorship is limited to businesses that employ no common law employees. Only owners and their spouses may participate</li> <li>• Employer discretionary "profit sharing" contributions are available each year up to 25% of compensation</li> <li>• Participants can defer up to the lesser of 100% of compensation or the listed maximum for the year</li> <li>• Taxable distributions due to disability, death or after age 55 and severance from employment avoid the IRS 10% early withdrawal penalty</li> <li>• Participants can defer any or all distributions until they are subject to IRS minimum distribution rules at the IRS RMD age.</li> <li>• Younger owners benefit the most because they have more contribution opportunities and a longer period of tax-deferred earnings</li> <li>• Plan loans are available</li> </ul>											
<b>Contributions</b>	<ul style="list-style-type: none"> <li>• Participant traditional pretax deferrals/contributions are available</li> <li>• Participant Roth after-tax contributions are available</li> <li>• Employer Contributions must be made before the due date (including extensions) of the Employer's tax return</li> <li>• The maximum annual addition to a participant's account is 100% of their compensation, subject to a \$72,000 annual limit, plus the applicable catch-up amount</li> </ul>											

<sup>1</sup> Starting Jan. 1, 2026, all catch-up contributions for employees participating in a 401(k) plan and who have wages that exceed \$150,000 (in FICA wages from the prior calendar year, indexed annually) are required to be made as an after-tax Roth contribution.

<sup>2</sup> Check with your tax advisor for your state and local income tax treatment

Solo 401(k) Plan Overview		
Examples	<b>Solo 401(k): Age 61 earning \$190,000</b> How much can be contributed?	
	Employer Contribution	\$47,500
	Salary deferral	\$24,500
	Age 60-63 Catch-up <sup>3</sup>	\$11,250
	<b>Total</b>	<b>\$83,250</b>
	<b>Solo 401(k): Age 55 earning \$50,000</b> How much can be contributed?	
	Employer Contribution	\$12,500
	Salary deferral	\$24,500
	Age 50+ Catch-up <sup>3</sup>	\$8,000
	<b>Total</b>	<b>\$45,000</b>
Plan Suitability	<p><b>Solo 401(k) Plans are favored when the Employer:</b></p> <ul style="list-style-type: none"> <li>• Wants to contribute more than 25% of compensation to the plan</li> <li>• Wants flexibility in making contributions</li> </ul>	
Advantages of a Solo 401(k) Plan over a SEP or Profit Sharing Plan	<ul style="list-style-type: none"> <li>• Contributions can exceed 25% of compensation</li> <li>• 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</li> <li>• Participant Roth 401(k) contributions are available</li> </ul>	
Costs	Set up	\$100
	Take over	\$100
	Loan initiation fee	\$100 (one time)
	Loan maintenance fee	\$50 (annually) \$12.50 (quarterly)
	5500 EZ Preparation <sup>4</sup> (optional)	\$150 (annually)
	Per participant fee	\$35 (annually)
	Manual Distribution fee	\$25 <sup>5</sup>
Participant Account Access	<ul style="list-style-type: none"> <li>• Internet 24/7</li> <li>• Interactive Voice Response Line 24/7</li> </ul>	

## Your path *To and Through Retirement*<sup>®</sup> begins here.

Talk to your financial professional to see whether a Solo 401(k) Plan can complement your retirement portfolio or contact us at 800.888.2461.

<sup>3</sup> Starting Jan. 1, 2026, all catch-up contributions for employees participating in a 401(k) plan and who have wages that exceed \$150,000 (in FICA wages from the prior calendar year, indexed annually) are required to be made as an after-tax Roth contribution.

<sup>4</sup> Required only if assets exceed \$250,000.

<sup>5</sup> Assessed for all withdrawal requests not submitted through the participant's online account.

Neither Security Benefit nor its affiliates are fiduciaries. This information is general in nature and intended for use with the general public. For additional information, including any specific advice or recommendations, please visit with your financial professional.

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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