

Solo 401k Notes

Employee Contributions -

Employee can make traditional (pay taxes later / tax deferred/ pretax) or Roth (pay taxes now/ after-tax) contributions. Annual employee contributions limit for 2016 is \$18,000 (\$24,000 if age 50+). 2017 limit is the same as 2016.

Employer Contributions -

Employer can ONLY make Traditional (pay taxes later) contributions up to 25% of the employee compensation.

The total contribution for a participants account is \$53,000 (\$59,000 if age 50+) for 2016 and \$54,000 (\$60,000 if age 50+) for 2017.

Solo 401k Contribution Deadlines

Scorp Contribution Deadlines

Employer - March 15, unless extension filed then Sept. 15.

Employee - January 31

Sole Prop. / LLC Contribution Deadlines

Employer - April 15

Employee - January 31

Part-time Employees

PT Employees - defined as 1,000 hrs over 12 month period = 19.27 hrs per week.

Transfer/Rollover Forms

1099-R - must show \$0- taxable amount in box 2a. DO NOT mark it as a Total Distribution in box 2b.

Recipient's identification number should be the EIN number for the Solo 401k plan rolling into.

When rolling over accts:

NO ROTH IRA \$\$ to 401k EVER!

Roth 401k → 401k 😊

Trad. 401k → 401k 😊

Trad IRA → 401k 😊

Roth IRA → 401k 😞 **NO!!**

Terminating Solo 401k Plan - Fee is \$550

If dissolving an entity that owns a Solo 401k Plan. The Plan must be terminated prior to the dissolution date of the entity. 5500 needs to be filed for the Plan at the end of the year and is included in our termination package.

When terminating an old 401k and setting up a new one.

Set up the new Plan 1st, make the termination date of old Plan effective 30 days after the new Plan effective date. This allows them time to roll funds out of new plan and into the new plan.