

Big Benefits for Your Owner-Only Small Business

Your owner-only business can benefit from a Small Business 401(k) plan designed specifically for the self-employed, owner and spouse businesses, partnerships, and sole proprietorships.

It can help you defer the payment of taxes on a higher level of profits (compared to other retirement investment options), as well as plan for your retirement.

The Benefits Could Add Up

High Contribution Limits

- Contributions to your 401(k) account are made up of your pre-tax salary contributions up to **\$23,000** in **2024**, in any combination of pre-tax or Roth 401(k) contributions. Pre-tax contributions reduce your taxable income as well as contributions you can make as the business owner, up to a combined amount of **\$69,000** annually, or 25% of compensation, whichever is less.
- If you're age 50 or older, you can contribute an additional \$7,500 annually.
- You can take a loan out against your 401(k) account.

Save on Taxes

- Company contributions to your individual account, administrative costs, and other plan expenses are generally tax-deductible to your business.¹
- Convenient pre-tax contributions to your own individual account reduce your current personal taxable income.
- Tax-deferred compounding and growth potential, meaning potential earnings realized on investments - including interest, dividends, or other returns - may then also accumulate additional earnings, all potentially tax-deferred until withdrawn in retirement, when you may be in a lower tax bracket.
- Roth 401(k) option is available.

¹ The deductibility of employer contributions to your account is limited by the Internal Revenue Code. Contact your tax advisor to discuss your particular circumstances.

² Contribution limits apply for 2024. Amounts for subsequent years may vary.

Streamlined Plan Setup

- Online account opening and plan setup can be done in 30 minutes or less, with help if you need it.
- Simple, straightforward pricing that is lower than most traditional 401(k) plans.
- Investment menu and portfolios tailored for you.

Convenient to Use

- Company contributions can be structured as discretionary, meaning you can have the flexibility to contribute in years when cash flow is ample, or not contribute when cash flows are insufficient.
- If your business has multiple owners or you own another business, your business can still implement a 401(k) plan.⁴
- Administration is minimal, certain plan testing is not required, and an IRS Form 5500 is filed annually only when plan assets exceed \$250,000. Step-by-step guidance helps you understand the basic requirements and year-end reporting.
- Consolidate your investments by rolling over other retirement account balances.

Education and Support

- You will receive educational resources and a Financial Advisor designed to help you visualize your retirement, based on your current savings plan and account balance.

401(k) or SEP?

For the self-employed individual, an individual 401(k) may provide an option for maximizing both your potential tax savings and your retirement savings. The ability to make both a salary deferral and an employer contribution can allow an employer to put away more money than in a SEP, and even more for an individual over age 50 making a catch-up contribution.

Individual 401(k) vs. SEP	Individual 401(k)	SEP
Self-Employment Income ³	\$150,000	\$150,000
Maximum Salary Deferral ²	\$23,000	N/A
Maximum Employer Contribution ² (max. 20% of self-employed income)	\$30,000	\$30,000
Maximum Total Annual Contributions (and if age 50 or older, you may add an additional catch-up contribution to salary deferral ²)	\$53,000 \$7,500	\$30,000 N/A

³ "Self-Employment Income" is the net income after the subtraction of the hypothetical business expenses and self-employment taxes. For more information, see IRS Publication 560, Retirement Plans for Small Business at www.irs.gov.

⁴ Certain businesses are grouped together for plan testing purposes under the Internal Revenue Code with respect to 401(k) plan rules.