

MEETING THE NEEDS OF TODAY'S BUSINESS OWNERS SOLO 401(K) PLAN

HOW DOES A SOLO 401(K) PLAN WORK?

A Solo 401(k) plan is a qualified profit sharing plan with the added feature of employee salary deferrals which covers owners and spouses only. Salary deferrals may be pre-tax or after-tax (Roth Deferrals). Solo 401(k) plans have employee salary deferrals and an optional employer profit sharing contribution.

WHY ADOPT A SOLO 401(k) PLAN?

FLEXIBILITY

Salary deferrals and profit sharing contributions to a Solo 401(k) plan are flexible enabling participants and employers to adjust their contributions to meet their needs each year.

TAX ADVANTAGES

Salary deferrals are made pre-tax or may be made as Roth deferrals, and all employer contributions are fully tax-deductible to the employer. Benefits accrue on a tax-deferred basis.



Pentegra Retirement Services ■ 5350 77 Center Drive, Suite 200, Charlotte, NC 28217

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PLAN FEATURES

SPONSORING EMPLOYER

Any employer who employs only the owners of the company and spouses of the owners may adopt a Solo 401(k) plan. The employer may be a sole proprietor, partnership, LLC, S corporation or C corporation.

ELIGIBILITY

Employees enter the plan upon completion of the eligibility requirements selected by the employer. Eligibility requirements can allow for immediate entry into the plan or require the completion of one year of service and age 21.

PLAN COMPENSATION

Plan compensation is used to determine benefits under the plan. In corporations w-2 compensation is used. In sole proprietorships net Schedule C compensation is used and in partnerships K-1 income is used. Plan compensation is limited to \$360,000 in 2026.

CONTRIBUTIONS

Solo 401(k) plans are subject to the same rules as 401(k) plans for larger companies. Employees may defer up to 100% of pay to a maximum of \$24,500 (2026). Employees age 50 or older may make additional catch-up deferrals up to \$8,000 (2026). Employees age 60 - 63 may make catch-up deferrals of \$11,250. The maximum employer tax-deductible annual contribution is 25% of the total payroll of all the plan participants, excluding employee salary deferrals. The most any employee may receive in a year, including salary deferrals, is 100% of pay to a maximum of \$72,000 (2026). This \$8,000 or \$11,250 is above the \$72,000 enabling a plan participant who is age 50 or older to potentially achieve a total allocation of \$78,000 or \$83,250.

INSURANCE

Life insurance may be purchased within the plan in accordance with incidental rules.



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PLAN ADMINISTRATION

At Pentegra Retirement Services, we commit the resources to ensure that clients receive the quality administrative support critical to the success of any plan.

ADMINISTRATIVE SERVICES

- Plan Design and Implementation
- Document Preparation and Filing
- Consulting, Actuarial and Legal Support
- Plan Administration & Recordkeeping
- Compliance Testing
- Government Filings
- Annual Actuarial Valuation Reports
- Benefit Calculations
- Annual Employee Benefit Statements
- Summary Plan Descriptions

PLAN DESIGN

We develop plan designs to ensure the plan is consistent and in alignment with your goals and objectives.

With over 65 years of experience in developing effective retirement benefit programs, ABG-Pentegra provides clients with flexible, innovative solutions to help them meet their cost and benefit objectives.



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