

# WISELY ADVISED

Building your wealth with *Wisely Advised*  
**SOLO 401K**



## What Is A SOLO 401K?

A Solo 401(k), also known as an Individual 401(k) or a One-Participant 401(k) plan, is a retirement savings plan designed for self-employed individuals, business owners, and their spouses. It combines features of a traditional 401(k) plan and a profit-sharing plan, allowing a sole participant to make both employee and employer contributions to the account.

## Benefits Of A SOLO 401K

- Available to any solo business owner and their spouse
- Easy to set up
- Flexibility between employee & business contributions
- Easily Diversifiable
- Control & Flexibility
- Tax deductible
- Helps build wealth for retirement

## How Does A SOLO 401k Work?

Maximum yearly individual contribution: \$23,500

Catch Up Contribution (Age 50+): \$7,500

Age 60-63 Catch up: \$11,250

Up to 25% contribution of compensation from business

*\*2025 limits, subject to change.*

### Example:

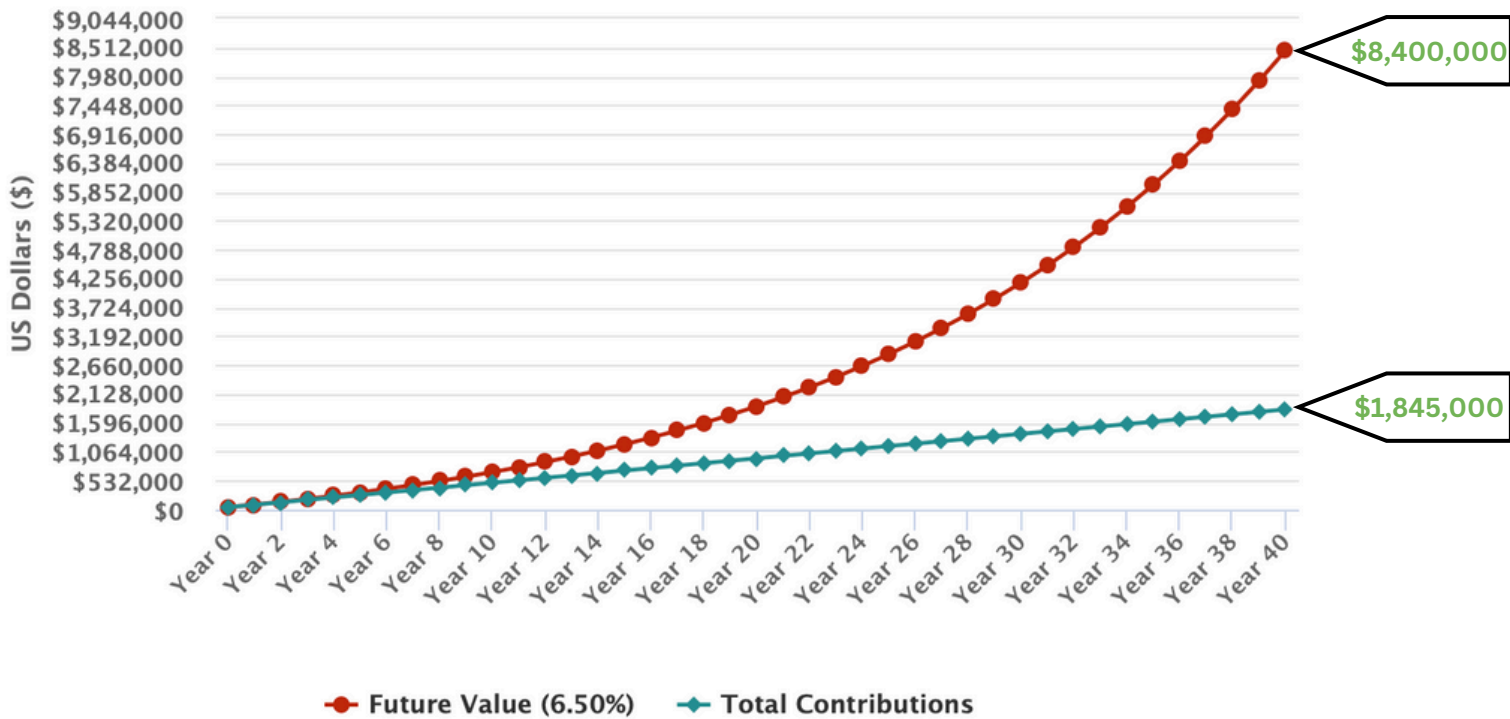
Ben is an individual business owner who set up a SOLO 401k and wants to make contributions from his regular paycheck. Ben decides that his business will also make a matching contribution of 25% of his salary to his account. Here is how Ben's SOLO 401K contributions will look.

- Bens yearly compensation of \$100,000
- Ben contributes 20% to the plan.
- Ben's business matching contribution is 25%

Employee Compensation	Employee Contribution	Total Employee Contribution	Business Match 25%	End Of Year SOLO 401K Balance
\$100,000	20%	\$20,000	\$25,000	\$45,000

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Assuming : Interest Rate: 6.5% Years: 40



*This example is used for illustrative purposes to explain the concept. Please note that the information provided in these examples is for educational and illustrative purposes only and should not be considered personalized financial advice. It is crucial to consult with a qualified financial advisor before making any investment decisions.*

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## Spousal Example:

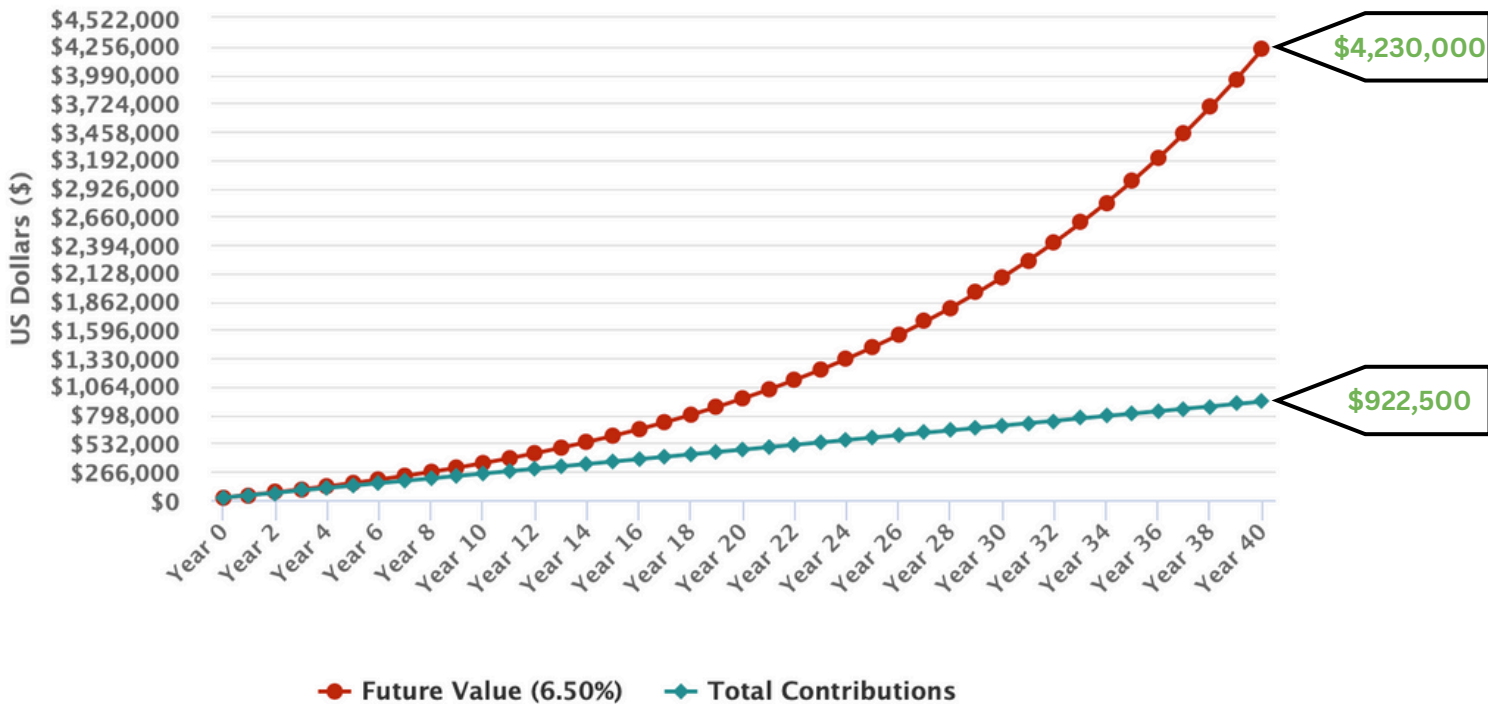
Your spouse is the only other individual who can be included in the SOLO 401k plan. If your business pays your spouse a wage and decides to make contributions. They will also receive a 25% matching contribution.

- Spousal compensation of \$50,000
- Spousal contribution 15%
- Bens business matching contribution 25%

Employee Compensation	Employee Contribution	Total Employee Contribution	Business Match 25%	End Of Year SOLO 401K Balance
\$50,000	20%	\$10,000	\$12,500	<b>\$22,500</b>

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Assuming : Interest Rate: 6.5% Years: 40



## Business Owner Benefits

### **Affordability:**

SOLO 401Ks are low-cost to establish and maintain. This makes them accessible to small businesses with no other employees.

### **Simplified Administration:**

SOLO 401k has fewer administrative requirements and lower costs than most other retirement plans, making it easier for businesses to manage.

### **Higher Contribution Limits:**

A SOLO 401k allows for an annual deferral of up to \$70,000, inclusive of both employee and business contributions to the account.

*\*2024 limits, subject to change*

### **Tax Deduction:**

You have the option to contribute tax-deductible elective deferrals to your Solo 401(k) plan through the business, which effectively lowers your taxable income for the current tax year. For the year 2025, the maximum limit for elective deferrals was \$23,500. Additionally, business owners have the opportunity to make tax-deductible employer contributions to their Solo 401(k), providing an extra avenue for retirement savings.

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## Conclusion

At Wisely Advised, we specialize in building strategic financial plans tailored to the needs of businesses. As a Fiduciary on behalf of our clients, we help manage and allocate our client's retirement funds and assist with financial planning to ensure retirement needs are met. We strive to discover what our client's needs are, and then work together to help achieve those financial goals.

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