



**Invesco Solo 401(k)<sup>®</sup>**  
With designated Roth contributions



# An Innovative Savings Tool

Are you an owner-only business looking to enhance your retirement savings? If so, consider taking advantage of the generous contribution limit – potentially up to \$50,000 (\$55,500 if age 50 or older) in 2012 – available through the Invesco Solo 401(k). This innovative retirement-savings tool is a profit sharing plan with a traditional or Roth 401(k) contribution feature designed for businesses with no employees other than the owners and their spouses. And with an Invesco Solo 401(k), you'll have the opportunity to invest in our diversified line of mutual funds, which includes choices for investors at all levels of risk tolerance. Please keep in mind that diversification does not ensure a profit or eliminate the risk of loss.

## Features and benefits

- **Flexibility.** Both salary deferrals and profit sharing contributions are discretionary – you do not have to make them each year.
- **Rollovers.** Rollovers from other eligible plans, including traditional IRAs, are permitted – giving you an opportunity to consolidate your retirement assets.
- **Loans.** Loans are available.
- **Tax benefits.** Profit sharing contributions and traditional salary deferrals are tax deductible, and earnings accumulate on a tax-deferred basis. Keep in mind, however, that any withdrawals made prior to 59½ may be subject to tax penalties.
- **Low cost.** Costs for an Invesco Solo 401(k) are substantially less than those of a standard 401(k).
- **Designated Roth contributions.** This feature offers tax-free earnings growth for all investors – and tax-free distributions for those 59½ or older or who meet the specified criteria.

### Annual Contribution Limits for 2012

How does the Invesco Solo 401(k) stack up against other retirement plans? Look at this comparison of the maximum contributions for a variety of plans.

Compensation (Earned Income for the Self-Employed) <sup>1</sup>	2012 Invesco Solo 401(k) <sup>2</sup>	2012 SIMPLE IRA <sup>2</sup>	2012 SEP or Profit Sharing Plan
\$200,000	\$50,000	\$17,500	\$50,000
150,000	50,000	16,000	37,500
125,000	48,250	15,250	31,250
100,000	42,000	14,500	25,000
75,000	35,750	13,750	18,750
50,000	29,500	13,000	12,500
25,000	23,250	12,250	6,250
10,000	10,000	10,000	2,500
5,000	5,000	5,000	1,250

1 Generally, earned income is net earnings from self-employment for purposes of the self-employment tax, reduced by plan contributions and one-half of the self-employment tax.

2 You may make additional catch-up contributions if you are 50 or older.

This information is not intended as tax advice. Investors should consult a tax advisor.

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# Plan Summary

## Who can establish

Businesses with no employees other than the owners and their spouses. If you have employees or anticipate hiring W-2 employees in the near future, this plan may not be appropriate for you.<sup>1</sup>

## Annual contributions

All contributions are discretionary. Compensation is earned income for self-employed individuals or unincorporated businesses.

<b>Higher Contribution Limits of the SIMPLE IRA</b>	
<b>Contribution Type</b>	<b>2012</b>
Maximum salary deferral contribution	Lesser of \$17,000 or 100% of compensation
Maximum profit sharing contribution	25% of your eligible compensation; maximum considered compensation is \$250,000
Maximum combined contributions (both salary deferrals and profit sharing)	Lesser of \$50,000 or 100% of compensation
Catch-up contributions	Up to \$5,500 if you are 50 or older

## Rollover contributions

Rollovers from other eligible plans are permitted.

## Vesting

You are 100% vested immediately.

## Loans

Loans are available. Generally, you may borrow up to one-half of your account balance, but no more than \$50,000.

## Withdrawals

Distributions are limited to the terms of the plan. In-service withdrawals are available. Minimum distributions are required for owners 70½ or older. Distributions that are not qualified Roth distributions are subject to income tax in the year withdrawn and a 10% early withdrawal penalty if withdrawn prior to 59½.<sup>2</sup>

## Deadline to establish

The plan must be established by the employer's tax year end. The Plan Document must be signed and effective before contributions are made. Only compensation earned after the Adoption Agreement is signed may be deferred.

## Discrimination testing

401(k) discrimination (actual deferral percentage) and top-heavy tests are not required.

## Government reporting

Form 5500EZ is generally required if assets are more than \$250,000.

## Trustee

You (the business owner) will serve as trustee of the plan.

1 Adopting an individual 401(k) plan will not be a viable option if you hire full-time W-2 employees age 21 or older or part-time employees who work more than 1,000 hours per year.

2 Withdrawals of Roth contributions and earnings are not taxed provided they are a qualified distribution where the account is held for at least 5 years and the event where a participant is either disabled, after death, or after attainment of age 59½. A distribution that is not a qualified distribution will be partially included in gross income if there are earnings in the account. The distribution will be treated as coming pro-rata from earnings and contributions (basis). The 10% tax on early withdrawals may apply to the part of the distribution that is includible in gross income.

# Service Plan Options

Invesco offers self-service and full-service options to meet your unique needs.

- **Self service.** A “do-it-yourself” plan for owners who have experience sponsoring employee benefit plans and require only minimal assistance with establishing and administering the plan.
- **Full service.** Through our alliances with experienced third-party administrators (TPAs), we offer plan establishment, compliance and administrative support.

The primary differences between the two plans are the levels of service provided and the fee structures. The self-service option does not offer administrative or compliance support from Invesco or a TPA. As the business owner, you are responsible for ensuring that contributions, withdrawals and loans comply with all applicable laws and regulations. For full-service plans, a TPA assists in setting up the plan and provides administrative services, which is why the fees are higher.

In addition, there are differences in the specific provisions within each Plan Document.

<b>Invesco Solo 401(k) Service Options at a Glance</b>		
The table below will help you and your financial advisor decide which service option is right for you.		
	<b>Self Service</b>	<b>Full Service</b>
<b>Plan documents and administrative forms</b>	- Provided by Invesco - Completed by the business owner	- Provided by the TPA - Completed by the business owner with support from the TPA
<b>Traditional contribution calculations</b>	- Performed by the business owner	- Performed by the business owner - Reviewed by the TPA for compliance
<b>Roth contribution calculations</b>	- Performed by the business owner	- Performed by the business owner - Reviewed by the TPA for compliance
<b>Maximum loan calculations</b>	- Performed by the business owner	- Performed by the TPA
<b>Promissory note and amortization</b>	- Prepared by the business owner	- Prepared by the TPA
<b>Distributions</b>	- Forms completed by the business owner and sent to Invesco for processing	- Processed by the TPA
<b>Fees</b>	- Annual administration fee: - \$10 per participant account - Loan fees: - \$50 loan application fee - \$25 annual administrative maintenance fee	- Fees vary depending on the TPA selected. Ask your financial advisor for details. - Annual fees typically include: - Annual recordkeeping expenses - Per distribution fees - Loan services - Form 5500 preparation - Installation
<b>IRS Form 1099-R</b>	- Prepared by Invesco	- Prepared by the TPA
<b>IRS Form 5500</b>	- Prepared by the business owner	- Signature-ready form prepared by the TPA

To decide which option is best for you, discuss each one with your financial advisor. Specifically, you’ll want to consider your familiarity with retirement plans, the amount of time and work you are willing to dedicate to the ongoing maintenance of your plan, and whether or not you expect to take a loan.

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## **Invesco Solo 401(k) Q&A**

### **What types of businesses are candidates for an Invesco Solo 401(k)?**

The Invesco Solo 401(k) is designed for businesses that have no employees other than owners and their spouses. It is not designed for businesses with employees due to the additional testing and administrative requirements. If you have employees or think you may hire employees in the near future, this plan may not be appropriate for you. Discuss other plan options with your advisor.

### **How is the Invesco Solo 401(k) different from traditional 401(k) plans?**

The primary difference is in the administrative and compliance requirements of the plan. A 401(k) plan sponsored by a business employing owners and their spouses only (no employees) is not subject to 401(k) discrimination testing and has fewer administrative requirements. 401(k) discrimination testing limits the percentage of compensation that can be deferred by highly compensated employees (as compared to the percentage of compensation deferred by nonhighly compensated employees). Owners may receive contribution refunds as a result of this testing.

In addition, a plan covering only one participant and his or her spouse is generally not required to file a Form 5500 until the plan's assets exceed \$250,000.

### **What happens if I establish an Invesco Solo 401(k) and then hire employees?**

If you anticipate hiring W-2 employees, this plan may not be appropriate for you. If the plan covers eligible employees, it will be subject to 401(k) discrimination testing, which may require refunds of all or a portion of your deferrals. You may have to make top-heavy minimum contributions, and you and your employee(s) will receive the same profit sharing contribution percentage. Review your plan provisions with your tax advisor before hiring employees.

### **When can I begin contributing to the plan?**

You may begin making contributions once the plan is established. The Plan Adoption Agreement must be signed by the employer's tax year end. Contributions must be made by the employer's tax-filing due date, including extensions. Only compensation earned after the plan is adopted may be deferred. Consult your tax advisor before making annual contributions to ensure you meet the deductibility requirements.

### **Can I make designated Roth contributions to my Invesco Solo 401(k)?**

Yes, if your Plan Document allows for it. If adding this feature to an existing plan, you must amend your Plan Document.

### **My spouse and I own a business. Can we both participate in the plan?**

If both you and your spouse are employed by and receive compensation from the business, you are both eligible to participate in the plan.

### **Can I take a loan from my Invesco Solo 401(k)?**

Yes. Generally, you may borrow up to one-half of your account balance, but no more than \$50,000. The terms of the loan are subject to IRS regulations.

### **Are Invesco Solo 401(k) investments guaranteed?**

No. The historical returns of funds are not a guarantee of future performance. The earnings and principal value of an investment will vary with market conditions. All investments are subject to certain risks, so that shares, when sold, may be worth more or less than their original cost.

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**Before investing, investors should carefully read the prospectus and/or summary prospectus and carefully consider the investment objectives, risks, charges and expenses. For this and more complete information about the fund(s), investors should ask their advisors for a prospectus/summary prospectus or visit [invesco.com/fundprospectus](http://invesco.com/fundprospectus).**

Note: Not all products, materials or services available at all firms. Advisors, please contact your home office.