

Solo 401(k)

2024 Fast Facts



To learn more,
contact a financial
professional.

The Invesco Solo 401(k) Plan is a retirement savings alternative for owner-only employers. It offers business owners greater savings potential than other small business retirement plans such as SIMPLE IRAs and SEP IRAs.

Target market

Designed for corporations, partnerships and nonprofit entities that employ:

- Owners and spouses.

The Invesco Solo 401(k) Plan is **not** designed for employers with long-term part-time¹ or full-time rank-and-file employees such as assistants, clerical workers and lower paid individuals.

Plan features

Participant eligibility requirements

- Age 21 and one year of service. Eligibility requirements are waived for existing employees upon the effective date of the plan.
- January 1 and July 1 plan entry dates.

Funding the Solo 401(k) Plan

The plan may be funded through participant salary deferrals and employer profit-sharing contributions. Overall contribution maximums may not exceed:

- The lesser of \$69,000, or
- 100% of compensation.
- \$345,000 is the maximum compensation that can be used when calculating contributions.

Participant salary deferrals

- The maximum allowable deferral is the lesser of:
 - 100% of employee's compensation, or
 - \$23,000.
- Individuals age 50 and above may contribute an additional \$7,500 in catch-up contributions, for a maximum of \$30,500. Catch-up contributions do not apply to overall contribution limit.
- Deferrals may be made as traditional (pre-tax) and/or Roth (after-tax) 401(k) contributions.

Employer contributions

- The maximum tax-deductible profit-sharing contribution is 25% of total compensation paid to plan participants.²
- Contributions are not eligible to be deposited on Roth (after-tax) basis.

Vesting

- Immediate 100% vesting in contributions.

Rollovers

Rollovers and transfers are permitted from:

- Traditional IRAs (Roth IRAs are not permitted).
- SEP IRAs.
- SIMPLE IRAs (after two years).
- Qualified plans (401(k) and Profit Sharing, 403(b) and 457).
- Designated Roth contributions from a 401(k), 403(b) and 457.

Accessing your retirement savings while still working

- **Loans:** Participants may borrow up to 50% of their retirement account balance or \$50,000, whichever is less. The minimum loan amount is \$1,000.
- **Employee salary deferrals and employer contributions:** Participants may access these accounts upon reaching age 59½ or for hardship reasons once certain service requirements are met.
- **Rollover dollars:** May be accessed at any time unless the plan participant has an outstanding loan.
- **Federal natural disaster:** Affected participants may withdraw up to \$22,000 without incurring a 10% penalty if under age 59½. Amounts distributed may also be recontributed to an eligible account.

Government reporting

- IRS Form 1099R.
- The plan administrator must file Form 5500 for any plan that:³
 - Employs the owner and spouse and has plan assets of at least \$250,000 across all qualified plans.
 - Is sponsored by an employer that is part of a controlled group.

Service and support

Plan setup

Required plan documents must be completed, signed, dated and, depending on the state of the adopting employer, funded by the intended plan establishment date. While Invesco does not require the completed Adoption Agreement to be returned and do not track contribution period, the plan establishment and funding deadlines are:

Unincorporated businesses:

- Tax filing deadline plus extension for plans seeking to make tax-deductible profit-sharing and employee deferrals for the applicable tax filing year.

All other businesses:

- December 31 if making salary deferrals.
- Tax filing deadline plus extension if making tax-deductible profit-sharing for the applicable tax filing year.

Administrative fees

- No plan installation fees.
- Annual account maintenance fee per participant:
 - \$30 for account balances under \$50,000.
 - \$0 for account balances \$50,000 or greater.⁴
- \$75 loan set-up fee.
- Other account-related fees and fund expenses may apply.

Employer support via the Plan Sponsor site at [invesco.com/us](https://www.invesco.com/us)

- Retirement Plan Manager — a secure site for employers to enter plan contributions.
- Access to administrative reports.
- ERISA⁵ Disclosure reports.

Participant support

- **Online at [invesco.com/us](https://www.invesco.com/us).**
- Call **800 959 4246** to speak with a Client Service representative.
- Call **800 246 5463** for automated fund information system.

Resources

- Solo 401(k) A Guide for Owner-Only Businesses (brochure).
- Solo 401(k) Plan Establishment Kit (application and plan documents).
- Retirement Plan Manager — online program to remit and fund retirement contributions.

1. Long-term part-time employees are part-time employees who work at least 500 hours during three consecutive 12-month periods.
2. When calculating the amount that an employer can contribute for himself or herself as a self-employed person under a qualified plan, he or she must deduct from his or her earned income all contributions made for the year for all plans he or she may have. This has the effect of reducing the percentage limit for the employer's own deductible contributions to the plan to 20% of net profits. This is calculated after the self-employment tax deduction is taken but before the contribution is made on his or her own behalf.
3. Invesco does not provide Form 5500 preparation. Discuss the Form 5500 reporting requirement with the plan's tax advisor.
4. The annual fee is waived across all retirement account types if the total assets held by the participant in any retirement or non-retirement accounts held directly at Invesco, excluding 529 plans is \$50,000 or greater on the date fees are assessed.
5. The Employee Retirement Income Security Act of 1974 (ERISA) is a federal law that sets minimum standards for most voluntarily established retirement and health plans in private industry to provide protection for individuals in these plans.

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 financial professional for a prospectus/summary prospectus or visit [invesco.com/fundprospectus](https://www.invesco.com/fundprospectus).

All investing involves risk, including the risk of loss.

This does not constitute a recommendation of any investment strategy or product for a particular investor. Investors should consult a financial professional before making any investment decisions.

Asset allocation cannot eliminate the risk of fluctuating prices and uncertain returns and does not assure a profit or protect against loss.

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

Invesco does not provide tax advice. The tax information contained herein is general and is not exhaustive by nature. Federal and state tax laws are complex and constantly changing. You should always consult your own legal or tax professional for information concerning your individual situation.

All data provided by Invesco unless otherwise noted.