

Individual 401(k) plans are designed for small businesses whose only eligible employees are the owner and the owner's spouse.

Advantages of a individual 401(k)



High contribution limits: Both salary deferral and profit-sharing contributions are allowed.

- For 2024, the maximum salary deferral is \$23,000. For 2025, it increases to \$23,500. See the IRS chart for catch-up contributions if age 50 and older.
- A profit-sharing contribution of up to 25% of eligible compensation may also be made.
- The maximum contribution limit (employee and employer amounts combined) is \$69,000 for 2024. For 2025 the limit increases to \$70,000. These amounts do not include the catch-up contributions. See the IRS chart for catch-contributions if age 50 and older.



Tax savings: Contributions are tax-deductible, and earnings are tax deferred.



Flexibility: Salary deferrals and profit-sharing amounts are discretionary — the employer is able to increase, decrease or stop contributions at will.

Other individual 401(k) considerations

- Participants can roll over 401(k), 457(b), 403(b) and pre-tax IRA monies into the individual 401(k).
- Loans are allowed.
- Participants are immediately 100% vested in all contributions.
- No top-heavy or discrimination testing required.
- IRS Form 5500 filing is required if assets exceed \$250,000.
- There are fewer administrative requirements than with a 401(k) for businesses with other eligible employees, lowering cost significantly. Annual administration and tax preparation fees for a full-service individual 401(k) account average around \$500.
- Designated Roth contributions offer tax-free qualified distributions (salary deferrals and employer contributions are included in the participant's taxable income the year that they are earned).

Securities and investment advisory services are offered through the firms: Osaic Wealth, Inc. and Osaic Institutions, Inc., broker-dealers, registered investment advisers, and members of FINRA and SIPC. Securities are offered through Osaic Services, Inc. and Ladenburg Thalmann & Co., broker-dealers and members of FINRA and SIPC. Advisory services are offered through Ladenburg Thalmann Asset Management, Inc., and Osaic Advisory Services, LLC., registered investment advisers. Advisory programs offered by Osaic Wealth, Inc. are sponsored by VISION2020 Wealth Management Corp., an affiliated registered investment adviser.