

Single participant defined benefit plans

Single-participant, or individual, defined benefit plans are designed for small business owners or self-employed individuals. These owner-only retirement accounts offer the highest possible deductible contributions available.

Advantages of a single-participant defined benefit plan



Benefit limits and contribution amounts: The maximum annual benefit for a defined benefit plan is \$280,000 for 2025 (it increases to \$290,000 for 2026). Actuarially determined funding requirements to achieve this benefit may require funding that is up to four times higher than the contribution limits of other retirement plan types..



Tax savings: Employer contributions are a tax-deductible business expense, so higher contribution limits can lead to increased tax savings.



Investment options: Employer decides how much to contribute and how to direct the investments.



Accelerated interest earnings: Larger base of contribution dollars can accelerate the growth of your retirement account.



Control: Money that is saved and invested is targeted to produce a defined income level at retirement. The owner determines what his or her retirement benefit will be.

Other single-participant defined benefit plan considerations

- Plan may be more expensive to establish and maintain than other retirement plan types.
- Subject to ERISA reporting.
- May require coverage by the Pension Benefit Guaranty Corporation.

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