

Solo(k) Plans

Frequently Asked Questions

About Solo(k) Plans

A solo 401(k), or Individual 401(k), plan shares most of the characteristics of a traditional 401(k) plan but is only available to those who are self-employed or a partner in a business with no employees other than the owner(s) and their spouses. A solo(k) offers the same opportunity to save for retirement as a traditional 401(k), using pre-tax, Roth, and employer contributions, but as a result of having no employees, the tax and compliance requirements are easier to administer than traditional company plans.

What are the contribution limits for a solo(k)?

The contribution limits for a solo 401(k) are the same as a traditional 401(k) and are indexed each year by the Internal Revenue Service (IRS). Deferral and total contribution limits can be found on our annual RIA Connection piece – “IRS Contribution Limits and Benefits”.

Is compliance testing required for a solo(k) Plan?

Nondiscrimination testing is not required for solo(k) plans since there are no employees other than the business owner(s) and their spouse(s). The no-testing advantage vanishes if the employer hires employees. Learn More: [IRS Contribution Limits and Testing Requirements](#)

When is a solo(k) required to file form 5500?

Contrary to traditional 401(k) plans, a 5500 does not need to be filed for solo(k) plans unless the total assets of all solo(k) plans maintained by the business owner(s) reach or exceed \$250,000, the plan has been terminated, or an employee has become eligible, in which case a 5500 may be required.

It’s important for plan trustee(s) to understand the annual 5500-EZ filing requirements. Learn More: [IRS Instructions for Form 5500-EZ](#).

Our Offering

Solo(k) plans are a part of our suite of retirement solutions available to our RIA firms.

As a part of our solo(k) offering we provide a plan Adoption Agreement, Base Plan Document, Restatements, Amendments, Trust Agreement, and IRS Opinion Letters.

Our Plans Allow	Our Plans Do Not Allow
<ul style="list-style-type: none"> • Pre-tax contributions 	<ul style="list-style-type: none"> • After-tax contributions
<ul style="list-style-type: none"> • Roth contributions 	<ul style="list-style-type: none"> • In-plan Roth conversions
<ul style="list-style-type: none"> • Loans 	

Who is responsible for the Trustee, Administrator and Fiduciary Roles of a solo(k) at Axos?

Axos Advisor Services is neither a Trustee, an Administrator nor Fiduciary on any of the solo(k) plans on our platform.

The end-client (RIA's client), as Trustee, Administrator, and Fiduciary, is responsible for the plan's compliance. End-clients can engage a Third-Party Administrator or CPA to assist with compliance and 5500 filing requirements.

Does Axos prepare Form 5500-EZ for solo(k) plans?

Axos does not monitor asset size or prepare Form 5500-EZ for solo(k) plans. It is the end-client's responsibility to ensure appropriate plan reporting. A plan may have several accounts that must be aggregated together to calculate the assets for the plan.

Example: John and Sally are business partners. They have a solo(k) plan that covers them and their spouses:

- John has a pre-tax account and a Roth account.
- John's wife works for the company and has a pre-tax account.
- Sally has a pre-tax account.

Their solo(k)'s plan year ends on 12/31. On 12/31, the total assets in all four accounts within the plan had totaled at least \$250,000. Therefore, a 5500-EZ form is required to be filed this year for the solo(k) plan.

Does Axos monitor or calculate Required Minimum Distributions (RMD) for Solo(k) participants?

Axos does not monitor solo(k) participants' age, nor calculates the RMD amounts. It is the end-client's responsibility to monitor RMD rules, calculate and request Required Minimum Distributions from their Solo(k) accounts.

What is the process to open a solo(k)?

- To open a solo(k) plan at Axos Advisor Services, the client will need to complete and submit a Solo(k) Defined Contribution Account Package (one per plan).
- The Solo(k) Defined Contribution Account Package contains an Account Application on page 2. This is used to open participant accounts. One Account Application will need to be submitted for each participant in the Plan.

All documents can be accessed on our [website](#). Submit completed documentation to Axos through the usual upload process.

What are the EIN requirements for opening a solo(k) at Axos?

An EIN is required to open a solo(k) plan at Axos, which can be easily obtained on IRS Website: [EIN Individual Request - Online Application \(irs.gov\)](#)

If a client is transferring a solo(k) plan from another custodian to Axos. Is this plan considered new?

No. If the solo(k) plan has been opened with another custodian and then transferred to Axos, the plan will be restated to our plan document as an existing plan using the original plan establishment date and a current restatement date.

Questions

Please Contact your Client Service Advocate for assistance.

Investment Products: Not FDIC Insured - No Bank Guarantee - May Lose Value.

Axos Advisor Services is a trade name of Axos Clearing LLC. Axos Clearing LLC provides back-office services for registered investment advisors. Axos Clearing LLC does not provide investment advice or make investment recommendations through Axos Advisor Services or in any other capacity. Securities products are offered by Axos Clearing LLC, Member FINRA & SIPC. Axos Clearing LLC and PCS Retirement (PCS) are not affiliated and are separate entities. Axos Clearing LLC does not provide legal, accounting, or tax advice. Always consult your own legal, accounting, and tax advisors.

© 2024 Axos Clearing LLC. Member FINRA & SIPC. All Rights Reserved. 787358