

# OWNER-ONLY 401(K) PLAN (ALSO KNOWN AS SOLO-K OR UNI-K)

- Businesses that employ only the owner and/or his or her spouse may enjoy additional benefits from establishing a 401(k) plan.
- The deduction limitation of 25% of compensation does not include employee elective deferrals.
- An owner can make a contribution of up to 25% of total compensation in addition to an employee elective deferral (maximum of \$19,000).
- The total allocation for any one individual cannot exceed 100% of the individual's compensation (maximum of \$56,000, or \$62,000 for "catch-up" eligible participants).
- Participants who will become age 50 (or older) during a calendar year can make a catch-up contribution. The current limit for catch-up contributions is \$6,000.



### EXAMPLE 1:

Owner-only	*Compensation	SEP	401(k) deferral	Profit Sharing	Plan Total	Catch-up deferral	Total with Catch-up
Owner	\$140,000	\$35,000	\$19,000	\$37,000	\$56,000	\$6,000	\$62,000

### EXAMPLE 2:

Owner-only	*Compensation	SEP	401(k) deferral	Profit Sharing	Plan Total	Catch-up deferral	Total with Catch-up
Owner	\$40,000	\$10,000	\$19,000	\$10,000	\$29,000	\$6,000	\$35,000

### EXAMPLE 3:

Owner-only and spouse	*Compensation	SEP	401(k) deferral	Profit Sharing	Plan Total	Catch-up deferral	Total with Catch-up
Owner	\$228,000	\$54,000	\$19,000	\$37,000	\$56,000	\$6,000	\$62,000
Spouse	\$68,000	\$17,000	\$19,000	\$37,000	\$56,000	\$6,000	\$62,000
	\$296,000	\$71,000	\$38,000	\$74,000	\$112,000	\$12,000	\$124,000