

October 3, 2024

Need A New Solo 401(k) For 2023

You can still open and fund a solo 401(k) plan for 2023 if you are a sole proprietorship on extension until October 15th. The Secure Act 2.0 extended the deadline allowing you to establish a plan after the end of the plan year but before your tax filing due date.

Business owners with no employees (other than a spouse) can contribute to a solo 401(k) plan.

They allow for a higher level of savings than SEPs or SIMPLE IRAs. That is because the IRS considers a business owner with a solo plan to wear two hats -- an employee and an employer. This allows the owner to make elective deferrals as an employee and deductible employer contributions as an employer.

There are separate dollar limits for each contribution type. 2023 Elective deferrals are limited to \$22,500 or \$30,000 for those over age 50 deferring the additional \$7,500 catch-up contribution. The employer contribution is limited to 25% of compensation. There is also an overall annual limit on combined contributions. For 2023, it is \$66,000 (\$73,500 for those over age 50 deferring the catch-up contribution).

Why choose NH Hicks? When we set-up a solo 401(k) plan, we include in the plan document as many extra features as possible, such as Roth 401(k), in-plan Roth conversion, voluntary after-tax participant contributions and participant loans. Many investment companies no longer allow for these features within their documents.

Check out our owner-only marketing materials:

- [Solo 401\(k\)](#),
- [Solo Defined Benefit Plan](#), and
- [Plan Comparison of Owner only Plans](#).

It is urgent to adopt your solo 401(k) now. If you need to set up a 2023 solo 401(k) before October 15th, contact me as soon as possible at drath@nhhicks.com or 530-232-3395.

The Marketing Team at NH Hicks

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