

Check Book IRA™

THE SOLO 401(K)



Check Book IRA, LLC

Redmond OR | Cave Creek AZ | San Antonio TX



ACCREDITED
BUSINESS

BBB Rating: A+

THE SOLO 401(K) SOLUTION

You know how important it is for a self employed business owner to maintain financial security for yourself and your family. A Solo 401(k) designed by Check Book IRA is a powerful tool that will give you the opportunity to reach your desired retirement goals. It gives freedom simply not found in the traditional 401(k) or other retirement plans. This wonderful tool enables you to make investments into what you want and when you want.

As a flexible and tax efficient solution, the Solo 401(k) is amazing. It will allow you to make annual pretax contributions up to \$53,000 and \$59,000 if you are over 50. If you are a couple that means you have up to \$118,000 annually that could go into a plan that gives you instant checkbook control over your investments.



One of the advantages the 401(k) has over the Checkbook IRA is that you can borrow up to \$50,000 or 50% of your account value which ever is less. The term of the loan can be up to 5 years and if you are using the funds to buy a personal residence, the loan term can be up to 15 years. Think about that, defer money from taxes, then borrow it to buy a residence!

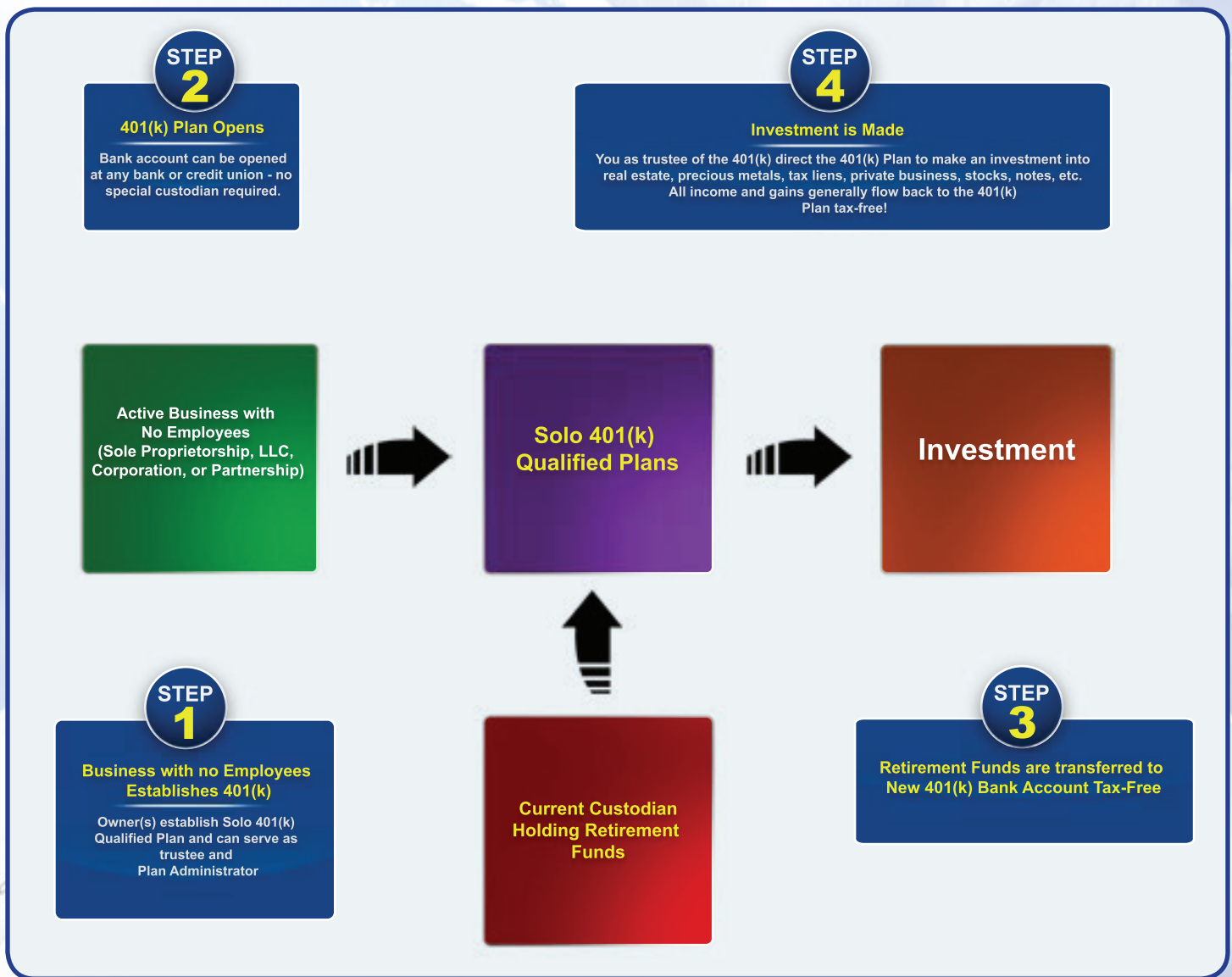
The investment freedom that you will experience as a trustee in charge of the checkbook is truly inspiring. You can make any type of investment; while the earnings accumulate tax-free. Some of these investments include real estate, tax liens, private entities and precious metals, which can be held at home.

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800-482-2760

THE SOLO 401(K) ANSWER

The self employed business owner with a Solo 401(k) has the opportunity to use their retirement funds to make just about any type of investment they wish without consulting a custodian or other person.

As trustee of the solo K plan you have “checkbook control” over all of these retirement assets.



THE HISTORY OF A SOLO 401(K)

If you are sick and tired of being forced to invest in only stocks or mutual funds you will be pleased with the multitude of investment options we can provide. Besides enabling you to invest tax free in something you know and understand, you also have the ability to personally borrow up to \$50,000 or 50% of your account value for any purpose.

This is a fairly new product. In 2001, the Economic Growth and Tax Relief Reconciliation Act (EGTRRA) was passed. This act provided clarification how a 401(k) could be used by a business owner with no full-time employees. These 401(k) plans are defined by the Internal Revenue Service in section 401 as retirement savings trusts.

Because it was designed explicitly for small business owners it has become extremely popular. It provides all the control of a self-directed IRA LLC with more tax benefits.

Let's look at a few of those appealing options:

Investment Freedom:

Unlike a regular 401(k) you are not limited by the investment offerings of a custodian. In the Solo 401(k) we write the plan so that you may make virtually any type of investment tax deferred. Consent of the custodian is not required because you are the trustee. As a small business owner using your solo 401(k) you have the opportunity to invest into what you want and know. Those gains will flow back into the plan tax free.

Personal loan feature:

In a regular self directed IRA any personal loan is deemed a prohibited transaction. However the Solo 401(k) allows the business owner to personally borrow 50% of their account value up to a maximum of \$50,000. If a spouse were involved, a couple can borrow up to \$100,000 from their retirement plan. There's really no qualifying for the loan: only a few forms that you as the trustee must complete. There is no qualifying at all. Remember, since this is a personal loan the funds can be used for any purpose at all. Some clients use it to send a child through college or pay off high interest credit cards.

Contribute 1000% More Annually than an IRA:

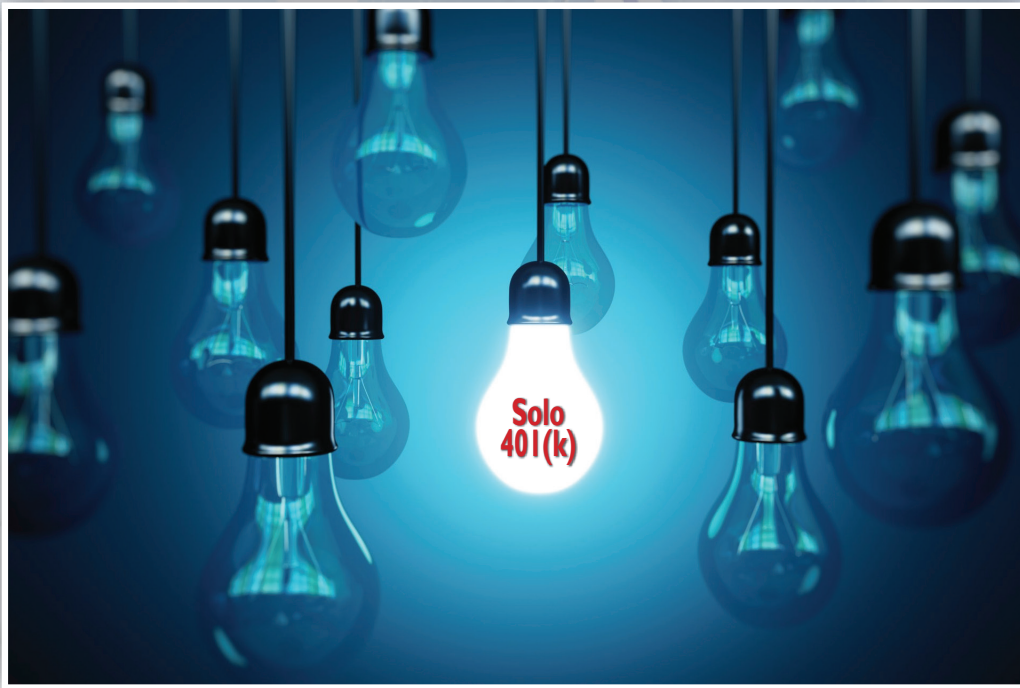
Your Solo 401(k) will allow you to contribute up to 10 times as much annually as a regular IRA. With

WHY THE SOLO 401(K)?

annual contributions of \$52,000 and an additional \$6,000 catch up contribution for those over 50 years of age. Our plan is perfect if you're looking for tax saving strategies.

No Custodian:

Other IRAs incur expenses when dealing with an IRA custodian; not to mention the delays and minimum balance requirements. However, as the trustee of the Solo 401(k) you can act quickly when a prime opportunity presents itself. The solo K plan does not require the hiring of a bank or trust company to serve as the trustee. This can add up to a significant savings both in time and money. With a Solo 401(k), there is no third-party trustee, custodian or administrator. You may act as the Trustee and Administrator, which gives you total control and cuts down on yearly fees. You use any local bank to open the plan account.



Contributions are flexible:

You are not required to make contributions to your Solo 401(k) plan. They are completely discretionary. You may reduce or suspend the contributions. Or take the opportunity to contribute up to your limit. We write the plan to be as flexible as possible to meet your needs as the business owner.

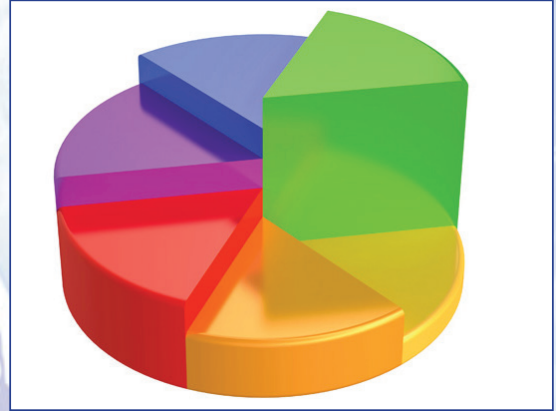
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THE SOLO 401(K) SOLUTION

Your plan is tax deductible:

When you pay the setup costs for your Solo 401(k) plan from business funds; your costs are deductible on your tax return. Annual maintenance fees are also deductible when paid for by your business. Taking advantage of this available tax deduction for the adoption of the plan can help offset your start up costs.



Roth contributions are available:

Due to income limitations; many earners may not be allowed to contribute to a Roth IRA. However, the Solo 401(k) plan allows a Roth sub-account which can be contributed to regardless of your income. For the year 2015 you're allowed to contribute up to \$18,000 if you're under 50, and \$24,000 if you're over 50. For many business owners this allows them to take advantage of the tax-free earnings of a Roth IRA account.

Easy record-keeping:

Our non-standardized prototype Solo 401(k) is not subject to most of the headache inspiring record keeping requirements of most all other 401(k) plans. As the Trustee and Plan Administrator, you will be able to handle the record keeping yourself, and not have to pay anyone else to do it for you. Until your plan exceeds \$250,000 dollars in assets there is no annual filing requirement. we can help file the necessary forms required by the IRS, for a nominal fee.

Use Leverage without being taxed:

When an IRA uses borrowed money it is subject to taxes because it creates Unrelated Debt Financed Income (UDFI). With the Solo 401(k) your plan is exempt from UDFI per the IRS. Many clients, especially those interested in real estate investments, find this to be a huge advantage over a standard IRA.

Combine any accounts except a Roth:

With the exception of the Roth IRA, your 401(k) plan can accept rollovers from every other type of IRA or previous employers 401(k) plan, 4013(b), Thrift Savings Plan, Keogh, 401(a), State Pension and others.

Combine the retirement of spouses:

It is very difficult due to IRA restrictions, for spouses to co-invest their retirement accounts. However, with the Solo 401(k) plan, the owner and their spouse may both be participants in the same plan. Their funds can be combined for an investment or invested separately.

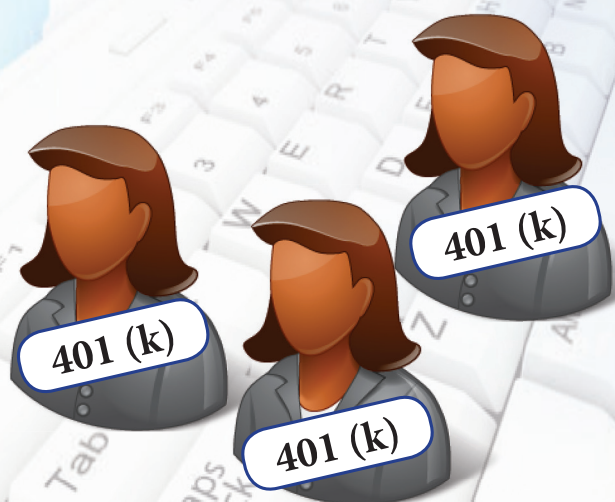


Who is eligible for the **Solo 401(k)** plan?

Generally, the Solo 401(k) plan is designed for businesses whose only employees are the owners or their spouses. There are however, certain other employees that may be excluded from coverage. The Solo 401(k) plan is great for any sole proprietors, consultants, real estate agents or independent contractors.

1. There is a requirement of self-employment activity; this generally includes the ownership and operation of a sole proprietorship, limited liability company, C corporation, S corporation or limited partnership. The business must show intent to generate revenue for profit and make significant contributions to the plan.
2. Self-employment activity for the plan sponsor can be part-time. In fact, you can even participate in an employers retirement plan in addition to your own Solo 401(k). However, the employee elected deferrals from both plans cannot exceed the single contribution limits.
3. If the business has full-time employees the Solo 401(k) plan cannot be implemented if they are not owners or their spouses. As the business owner, you and your spouse are considered “owner-employees”.

However, part-time employees and independent contractors who are not owners or their spouses are perfectly acceptable. Employees under 21 years of age or Union Members are exempt as are any employee working less than 1000 hours per year.



Two ways to contribute to your plan:

As the employee:

As an employee of the business you may defer up to \$18,000 of your self employment compensation. You may defer 100% of your self-employment compensation up to \$17,500. If you're over age 50 you may contribute an additional \$6,000 for a total deferment of \$24,000.

As the employer:

As the employer you may contribute up to 20% of your net profits if you are a sole proprietor. That percentage increases to 25% of GROSS profits for any LLC, S Corp or C Corporation.

Spousal Contributions:

If your spouse has earned compensation and elects to participate in the plan they are allowed to make equal contributions that are treated separately.



THE SOLO 401(K) SOLUTION

Borrow from your plan:

Unlike a standard IRA, your Solo 401(k) plan is permitted to use the accumulated balance of assets to make personal loans to you for up to 50% of your account value. A personal loan means you can use the money for any purpose whatsoever. The loan must be repaid no less frequently than on a quarterly basis for a term of up to five years. The interest rate is generally interpreted as prime + 1%: as long as it is a reasonable rate of interest. It's a clever way to put additional money into your plan over and above your contribution limits. Why pay interest to your credit cards or other loans; when you can take advantage of this option to pay interest to your own retirement plan.



IRC (Internal Revenue Code) section 72(p) establishes this right for the participant to borrow from their plan account; as long as the plan documents are prepared properly.

No taxes or penalties are incurred so long as the loan repayments are paid on a timely basis and within the five year timeline. Once the loan has been repaid; another loan can be drafted. Loans to be used for the purchase of a personal residence can have a term of 15 years.



Unlimited investment opportunities:

Your investment opportunities are limited only by your imagination. Many plan owners meet with the most success and profit by investing in areas in which they are already experts. Standard with a custodian can often limit investment options; but one of the merits of the Solo 401(k) plan is that it allows you to put your experience, perhaps gained through a long career, into action.

Imagine being able to invest in nearly any type of investment opportunity that you uncover. Often times there are great profits in areas where the investor has expertise but custodial limitations prevented those investments.

Options can include real estate, Both residential and commercial, foreclosures, tax liens, precious metals that can be held at home, hard money loans, private equities, foreign real estate and the list goes on. It is always interesting to see the various ways in which plan owners put their funds to work. With us having clients in 50 states in 31 countries we have seen just about every investment you can imagine.



THE SOLO 401(K) SOLUTION

Putting it all Together:

Checkbook IRA has clients in all 50 states in 31 countries. There are many investment setups we haven't seen. We pioneered the IRA LLC and have brought our expertise to bear with this great product, the Survival Solo 401(k).

Service includes your entire setup, from start to finish. We will make sure you are compliant with IRS regulations and reporting requirements.

Your Solo 401(k) can be set up and ready to use in as little as a few weeks, depending on your funding.

Your Solo 401(k) set up includes:

- Adoption Agreement
- Basic Plan Document
- EGTRRA Amendment
- IRS Determination Letter
- Description Summary
- Trust Agreement
- Trustee Appointment Document
- Designation of Beneficiary Document
- Loan Procedure
- Promissory Note for Loans



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For more information on the Solo 401(K) Plan
please contact a Solo 401(k) Tax Professional at:

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