

Owner-only 401(k) Profit Sharing Plan

- Owner-only Business
- Owner & Spouse-only Business

Highlights

Ideal Prospects

Independent professionals such as physicians, dentists, realtors, attorneys, engineers, entertainers, computer programmers and analysts, consultants and architects.

Ideal Client Profile

- No employees other than one owner, or an owner & spouse
- Owner wants deductible contributions in excess of that available under a SEP, SIMPLE, or Profit Sharing Plan.
- Owner wants highest contribution levels while maintaining annual contribution flexibility.
- Owner wants investment flexibility.

The Benetech Owner-only 401(k) Plan offers an excellent combination of investment flexibility and low administration costs for small businesses with no employees other than one owner, or an owner and spouse. In many cases, an Owner-only 401(k) can provide higher contributions than those available under a SEP, SIMPLE-IRA, or Profit Sharing Plan.

Plan Benefits

- Contributions are **tax deductible**. Profit Sharing and pre-tax salary deferral contributions grow **tax deferred** until distribution.
- After-tax **Roth** salary deferrals are also available. There is no compensation limit on making Roth deferrals within a 401(k) Plan.
- Maximum investment flexibility. All plan investments are directed by the owner-trustee. Benetech does not restrict plan investments.
- Low installation and annual administration costs.

2023 Limits

Total Profit Sharing Contribution:	25% of eligible compensation.
Pre-Tax and Roth Salary Deferral:	\$22,500 (\$30,000 if 50 or older).
Total Individual Limit (Profit Sharing + Deferral):	100% of compensation, not to exceed \$66,000 (or \$73,500 if 50 or older).
Max Considered Compensation:	\$330,000

Examples

Examples assume business is incorporated, compensation is W-2 wages, and owner is not age 50 or older*.

	Owner Salary: \$40,000			Owner Salary: \$90,000		
	SIMPLE	SEP	401(k)	SIMPLE	SEP	401(k)
Company:	\$1,200	\$10,000	\$10,000	\$2,700	\$22,500	\$22,500
Deferral:	\$15,500	n/a	\$22,500	\$15,500	n/a	\$22,500
Total:	\$16,700	\$10,000	\$32,500	\$18,200	\$22,500	\$45,000

*Owners age 50 or older have additional catch-up contributions: \$3,500 to a SIMPLE or \$7,500 to a 401(k).

Request a free contribution illustration

To find out if an Owner-only 401(k) is right for you or your client, contact your local Benetech specialist, or call our consulting department at (800) 310-6811. With some basic company and employee information, Benetech will generate a contribution illustration at no cost or obligation.

