

Solo 401(k) Checkup Checklist

Periodically checking up on your Solo 401(k) plan will help ensure that everything is in order. The 5 following items are designed to keep you on track and organized with your retirement plan on an annual basis.

✓ BUSINESS / PLAN COMPLIANCE

A Solo 401(k) is intended to be used in an owner-only business format. Any business you control may not have non-owner employees working more than 1,000 hours per year. If you plan to add employees, close your business, or otherwise significantly change your format, consult a retirement expert to make sure the plan will still fit your business.

✓ YEAR-END VALUATION

If your total Solo 401(k) plan exceeds \$250,000 at any point during the previous tax year, the 5500-EZ reporting deadline will be at the end of July. The plan value is a summation of the current fair market value of all assets held by the plan.

It's vital to document your year-end value even if your plan is not required to report. If you have more than one plan sub-account, such as owner/spouse or traditional/Roth, you should distinctly value each account.

✓ REQUIRED MINIMUM DISTRIBUTIONS

For account holders 71 and a half years of age or older, there is a minimum distribution amount that must be taken out of the account each year by December 31st. The amount is calculated by a person's age and account value prior to December 31st.

Work with your CPA to calculate the amount that needs to be distributed. Failure to take required minimum distributions has severe tax consequences, with a 50% penalty on the amount you should have withdrawn.

✓ PLAN BENEFICIARIES

When you implemented your Solo 401(k), you should have completed a Beneficiary Designation form spelling out who should receive your plan assets at the time of your passing.

If you wish to change beneficiaries on your Solo 401(k) account, the information on file should be updated promptly. It's also a good idea to have a copy of your beneficiary form in a safe place with any other retirement or estate planning documents you have.

✓ CONTACT INFORMATION

If you have a new mailing address, phone number, e-mail address, name, or other contact information, be sure your Solo 401(k) plan vendors are updated. Additionally, let Safeguard Advisors, banks, tax accountants, and insurance agents know of any updated information.

General housekeeping of your Solo 401(k) account will allow you to stay organized and ensure that your plan is in order and up-to-date. As always, consult an expert for any questions about annual account requirements and updates.