

REAL ESTATE INVESTING WEALTH

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ADDING A SOLO 401K PLAN TO YOUR RETIREMENT PORTFOLIO

BY DMITRIY FOMICHENKO



The Self-Directed Solo 401k Plan offers unique benefits such as high contribution limits, checkbook control and unlimited investment capabilities. Unfortunately, many are unaware that they qualify for the Solo 401k.

The Solo 401k is available to those who are self-employed and small business owners, even on a part-time basis. This means that an individual can qualify for the Solo 401k if he or she has a small business “on the side.” The self-employment needed to qualify for a Solo 401k can be part-time and can be in tandem with full-time employment elsewhere.

A client may already have a small business on the side, as an independent contractor or real estate professional, for example. Or maybe he or she has always dreamed of owning their own business or being self-employed, and they’re ready to take the next step. If so, they may be qualified to participate in the Solo 401k plan, even while keeping their full-time job.

To qualify for the Solo 401k, the following two eligibility requirements must be met:

1. The presence of a self-employment activity
2. The absence of full-time staff

The Solo 401k is available to those who are self-employed and small business owners, even on a part-time basis.

In other words, the self-employment or small business must generate income, while not employing full-time staff. The only exception is a spouse who is also involved with the business full-time. Additional part-time staff is allowed but restricted to 1,000 hours or less annually.

Adding a Solo 401k to a retirement portfolio allows the client to take advantage of the Solo 401k's high contribution limits. Being self-employed or a small business owner, the client wears two hats, an employee and employer. Therefore he can make contributions to the Solo 401k as both. This year, the IRS increased the maximum contribution limit to \$51,000 if under the age of 50! If age 50

and above, a catch-up provision allows an additional \$5,500, making the maximum contribution limit \$56,500!

It's important to note that all contributions are subject to a single contribution limit. Contribution limits are per person, not per plan. This means that the client can make contributions to several 401k plans at the same time (e.g. employer's 401k and Solo 401k), but the total cannot exceed the maximum contribution limit.

The Self-Directed Solo 401k Plan offers many benefits and can be a powerful addition to a client's retirement portfolio. To learn more please visit: <http://www.sensefinancial.com>

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About the Author

Dmitriy Fomichenko is a Founder & President of Sense Financial Services LLC, a company specializing in helping clients obtain checkbook control over their retirement accounts. He owns multiple investment properties and is a licensed CA Real Estate Broker. Over the years, he has instructed at many investment & financial planning seminars and mentored hundreds of investors.

Since 2000, he has been helping his clients maximize returns on their investments, while protecting their hard earned money. He is very passionate about helping families and individuals achieve financial freedom by following proven Biblical principles of prudent planning and investing.

