NASDAQ

Los Angeles, CA – December 12, 2014

Solo 401(k) Plan to Save Investors Thousands of Dollars in Fees and Charges

According to a recent survey by investment advisory firm Rebalance IRA, 46% of people surveyed thought their 401(k) accounts do not cost them anything. In addition, 19% of the group thought the fees can be no more than 0.5%. Only 4% of the surveyed group thought that their 401(k) fees can be as much as 2%.

The assumption that there is little or no fees involved in maintaining a 401(k) account is not uncommon. This is why many people just leave their old 401(k)s sitting around for years, even decades, after leaving their jobs. Most 401(k) accounts and even IRAs are often charged with management fees that account holders may not know about.

The fees may sound minimal to some investors, at around 1.3% for an average, actively managed fund. However, the longer an account is left idling, the more fees add up. Over the years, these fees and charges can eat away thousands of dollars from a retirement account.

Even worse, not every fund manager or plan custodian is transparent about this fee. Some plan holders do not know about these charges because they did not read the fine print, or these fees were simply never mentioned to them.

The truth is, account holders do not have to let management fees and charges eat away their life savings. For those who would like to stop these fees and charges, the Solo 401(k) plan is the answer. With a Solo 401(k) account, often, plan holders can choose to act as the trustee of their retirement funds. This means the role of a custodian will be completely eliminated. Plan holders can make investment as they wish without any transaction fee or management cost.

This self-directed option has another advantage for those who would like to invest in non-traditional assets. For traditional retirement plans, often the custodians or plan trustees are likely to push for their investment products, which are stocks, bonds, and mutual funds. While these options can provide a good return in theory, they come with certain risks. With a self-directed Solo 401(k), plan holders can choose to replace all or part of their stock investments with other assets. Available choices include real estate, precious metals, private businesses, hard money lending, and so much more.

The autonomy of a self-directed plan offers other benefits. Because the plan holders can make investment decisions without getting custodial approval, the process can be done much faster and with less hassle. This is especially helpful when dealing with time-sensitive investment opportunities, such as precious metal trading or real estate purchases. Besides saving, plan holders thousands of dollars in management fees and charges, a Solo 401(k) plan can potentially help them catch better deals and gain better returns.

Source: http://www.nasdaq.com/article/solo-401k-plan-to-save-investors-thousands-of-dollars-in-fees-and-charges-cm422820