

Comparison of Self Directed SEP IRA and Solo 401k

Which plan is best for me?

IRA Club Offers:

- Self Directed Traditional IRAs
- Self Directed Roth IRAs
- Self Directed SEP IRAs
- Self Directed Solo 401ks

Starting the Account	SEP IRA	Solo 401k
Must have SSN	Yes	Yes Must own an operating business with no full-time employees Minimum age to start 18 or 21 (depending on state)
Funding the Account		
May transfer funds or assets from any Qualified Retirement Plan (<i>IRA, 401k, 403b, 503c, 457, TSP etc.</i>)	Yes	Yes Expect from Roth IRA funds
May make voluntary contributions based on earned income	Yes Based on <i>your</i> total earned income	Yes Based on the net earnings of the <i>business</i>
Maximum annual contribution for a business owner with no employees	\$57,000	\$57,000 Plus, catchup contribution not to exceed total of \$63,500
Maximum annual contribution for a person who is not a business owner	\$6,000 (age 49 and under) or \$7,000 (age 50 and older)	\$0 From business earnings
Contributions to the plan are voluntary	Yes	Yes



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Investment Options	SEP IRA	Solo 401k
Any investment allowed by the IRS or DOL (Real Estate, Lending, Life Settlements, etc.)	Yes	Yes
Maximum allowable investment income inside the plan	Unlimited	Unlimited
Taxes		
No income tax on earnings made in the account	Yes	Yes
Easily transferable to a Roth IRA to gain Roth taxation benefits	Yes	Yes
Possible tax if leverage is used	Yes	No (for Real Estate) Yes (for all other)
Loans		
Account can make loans to the account owner	No	Yes You can borrow up to \$50,000 or 50% of your account value, whichever is less. Repayment must be adequate to fully amortize the debt in 60 months. Payments must be no less than every 90 days. A missed payment causes a significant taxable event. The administrator will manage the loan process for compliance and issue 1099Rs as needed.

