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Going Solo?

Meet the Solo 401(k)

ABA Retirement Funds Program

September 9, 2025

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Today's Speakers



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Agenda



What is a solo 401(k)?



Retirement plan for
a small business –
e.g., solo legal
practice



Tax-advantaged way to
put aside money for
retirement

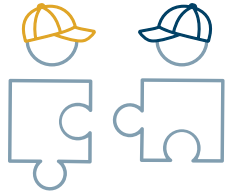


Who's eligible to start one?



Contributions to the 401(k)

You're wearing two hats



Employee

Practitioner may contribute from their pay, up to annual federal limits – \$23,500 in 2025

- Age 50+ can contribute an additional \$7,500
- Age 60-63 can contribute an additional \$11,250

Employer

May match employee contribution or provide profit sharing contribution, subject to annual federal limits

All contributions must be from income produced by the firm

Employee and employer contributions combined are limited to \$70,000 in 2025

Can make contributions before-tax, Roth after-tax, or both

Tax advantages



Before-tax contributions

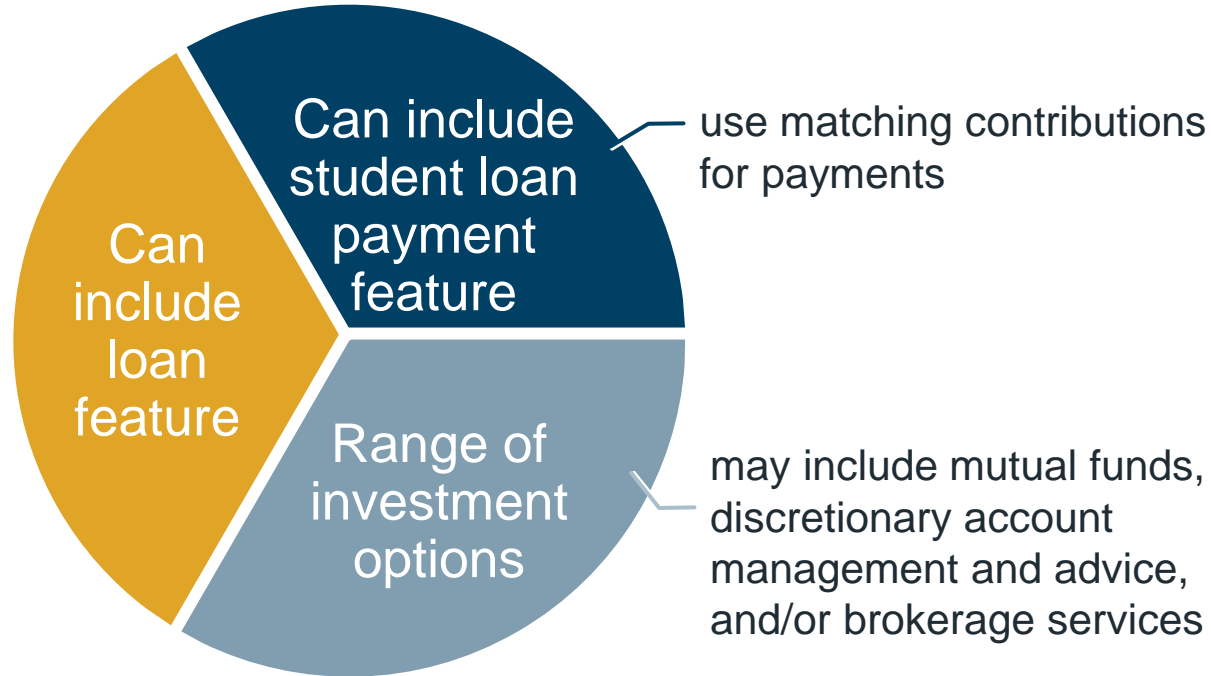
Contribute before taxes are withheld, and defer paying taxes until money and earnings are withdrawn at retirement



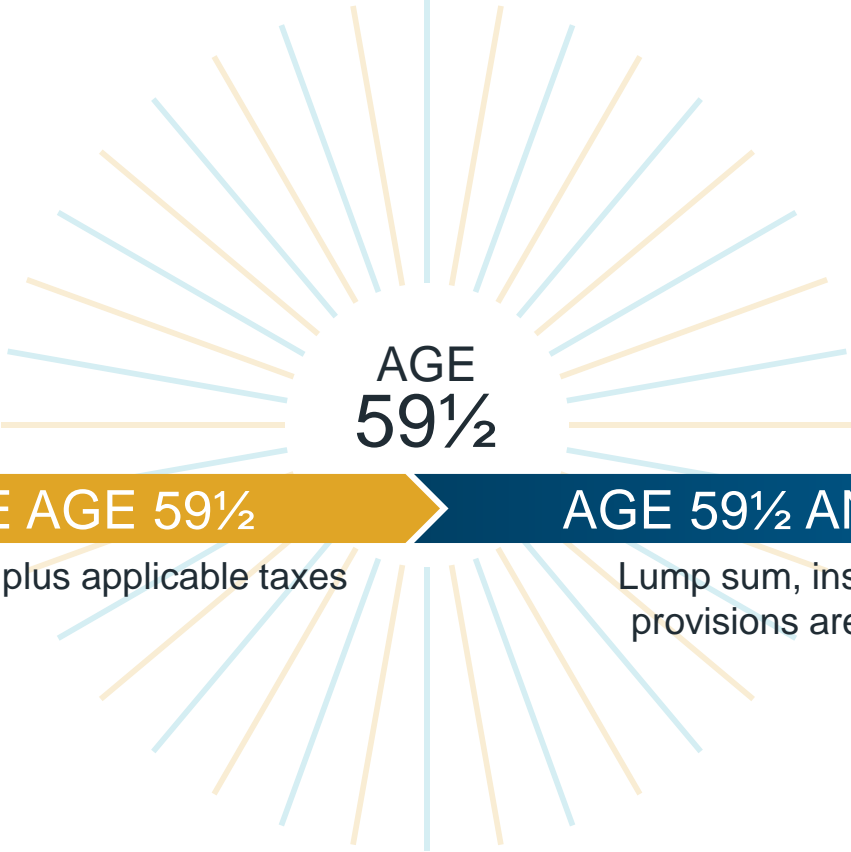
Roth after-tax contributions

Contribute after taxes, owe no taxes on contributions at time of qualified withdrawal

Other provisions



When can you take the money out?



AGE
59½

BEFORE AGE 59½

with 10% penalty, plus applicable taxes

AGE 59½ AND LATER

Lump sum, installments –
provisions are up to you

Design considerations

Plan types best suitable for solos



01 Profit Sharing Plan

Typically used when the firm seeks flexibility in making contributions

02 401(k) Plan

Typically used when the firm seeks to offer an employee-funded benefit

03 Cash Balance Option

A hybrid retirement plan designed to combine some of the best features of defined contribution and defined benefit plans

SECURE 2.0 opportunity: Credit for small employer startup costs

In summary ...



	Pre-tax Contributions	Roth 401(k) Contributions
Contributions' tax status	<ul style="list-style-type: none"> Pre-tax; current taxable income is reduced, offering tax savings 	<ul style="list-style-type: none"> After-tax; current income is unchanged, offering no current tax savings
Contribution limits (2025)*	<ul style="list-style-type: none"> \$23,500 	<ul style="list-style-type: none"> \$23,500
Catch-up contributions (2025)*	<ul style="list-style-type: none"> \$7,500 for ages 50-59, 64+ \$11,250 for ages 60-63 	<ul style="list-style-type: none"> \$7,500 for ages 50-59, 64+ \$11,250 for ages 60-63
Tax status of distributions (at age 59½)**	<ul style="list-style-type: none"> Taxed as current income 	<ul style="list-style-type: none"> Tax-free and penalty-free if you maintain the Roth 401(k) contributions account for a taxable five+ year period
Employer contributions	<ul style="list-style-type: none"> Can be matching or non-elective, fixed or discretionary Maximum employee and employer contribution combined is limited to \$70,000 for 2025 	
Advantages	<ul style="list-style-type: none"> Reduces current income taxes Allows taxes on qualified withdrawals to be deferred until retirement 	<ul style="list-style-type: none"> No taxes on “qualified” withdrawals No taxes on earnings on “qualified” withdrawals* Allows for a rollover to a Roth IRA

*The combination of pre-tax and Roth 401(k) contributions may not exceed \$23,500 in 2025. In 2025, the combination of pre-tax catch-up and Roth 401(k) catch-up contributions may not exceed \$7,500 for those who are 50-59 and 64 and older, or \$11,250 for those who are 60 – 63. Refer to your Plan Administrator to determine how much you can save based on other plan limits that may be in effect.

**Firm matching and profit-sharing contributions, if applicable to your status, and their related earnings are taxed as ordinary income upon withdrawal whether made to your pre-tax or Roth account.

Compare to other commonly used options



Plan Type	Payroll Deferral	Catch-up Contribution	Loans	Maximum Contribution
Solo 401(k)	\$23,500 (Pre-tax or Roth)	\$7,500 (Pre-tax or Roth) ^{1,2}	Yes	\$70,000 (\$77,500 age 50+, 64+) (\$81,250 age 60-63)
SIMPLE IRA ⁵	\$16,500 (Pre-tax or Roth) ³	\$3,500 (Pre-tax or Roth) ^{1,2}	No	\$33,000 (\$40,000 age 50+) ⁴
SEP IRA	\$0	\$0	No	\$70,000 ³ (No catch-up)

All plan types use a maximum compensation limit of \$350,000 for 2025.

¹ SECURE 2.0 requires catch-ups made by participants that have wages over a certain threshold be made only as Roth contributions; however, the IRS announced it will delay the enforcement of this requirement for catch-up contributions made prior to 2026.

² SECURE 2.0 permits an increased catch-up of \$11,250 for 2025 for participants who will attain age 60, 61, 62 or 63 during 2025.

³ SECURE 2.0 allows participants to designate SIMPLE or SEP IRA contributions as Roth amounts beginning in 2023.

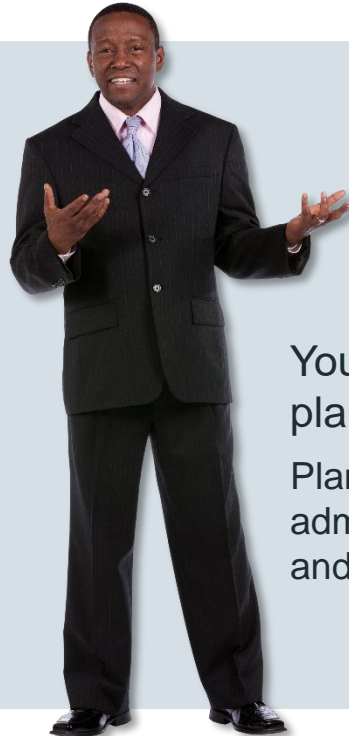
⁴ Assumes the participant's compensation is high enough to support a 3% deferral rate that maxes out to the deferral limit for the year plus catch-up deferrals which are all matched at 100%. This figure does not include the additional 10% employer contribution up to \$5,000 allowed starting in 2024 under SECURE 2.0 nor the increase in limits for Qualified employers as explained below.

⁵ SECURE 2.0 allows Qualified employers sponsoring SIMPLE plans to increase the deferral and catchup limits to 110% of the 2025 limits adjusted each year for cost of living. Qualified employers include those with: 1) 25 or fewer employees, or 2) more than 25 employees who make either a 4% match or 3% non-elective contribution.⁴

What if I hire a staff?



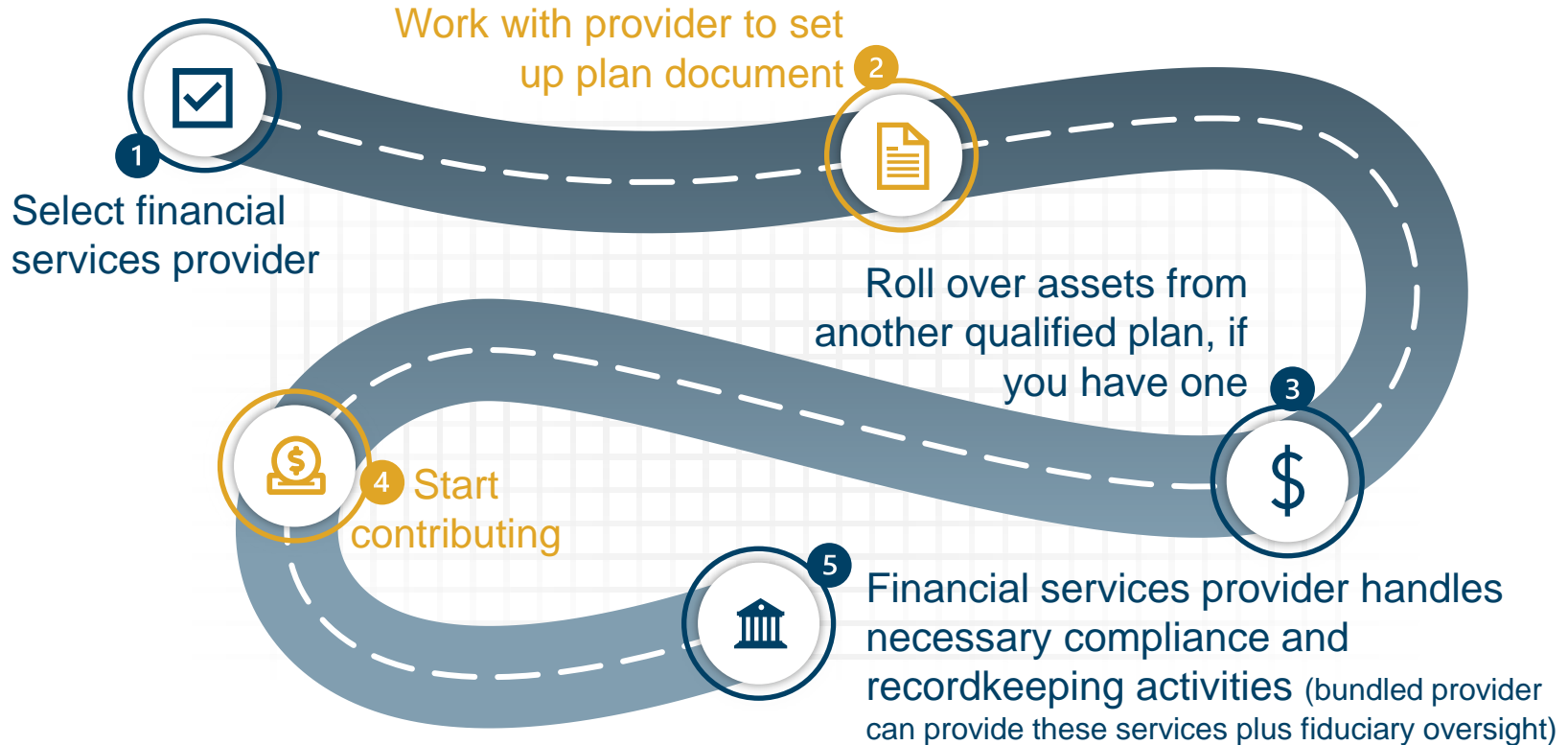
What happens when you're no longer "solo"?



You can offer your firm's plan to your employees
Plan may need amendment, administration changes (testing and 5500 now required)



How to start a solo 401(k)



ABA Retirement Funds Program: Built by LAWYERS, Powered by PROS®



Exclusive
to the legal
community



nearly **3,900**
LEGAL
ORGANIZATIONS¹

**FORWARD-
THINKING**
RETIREE EXPERIENCE



Innovation
with a
purpose



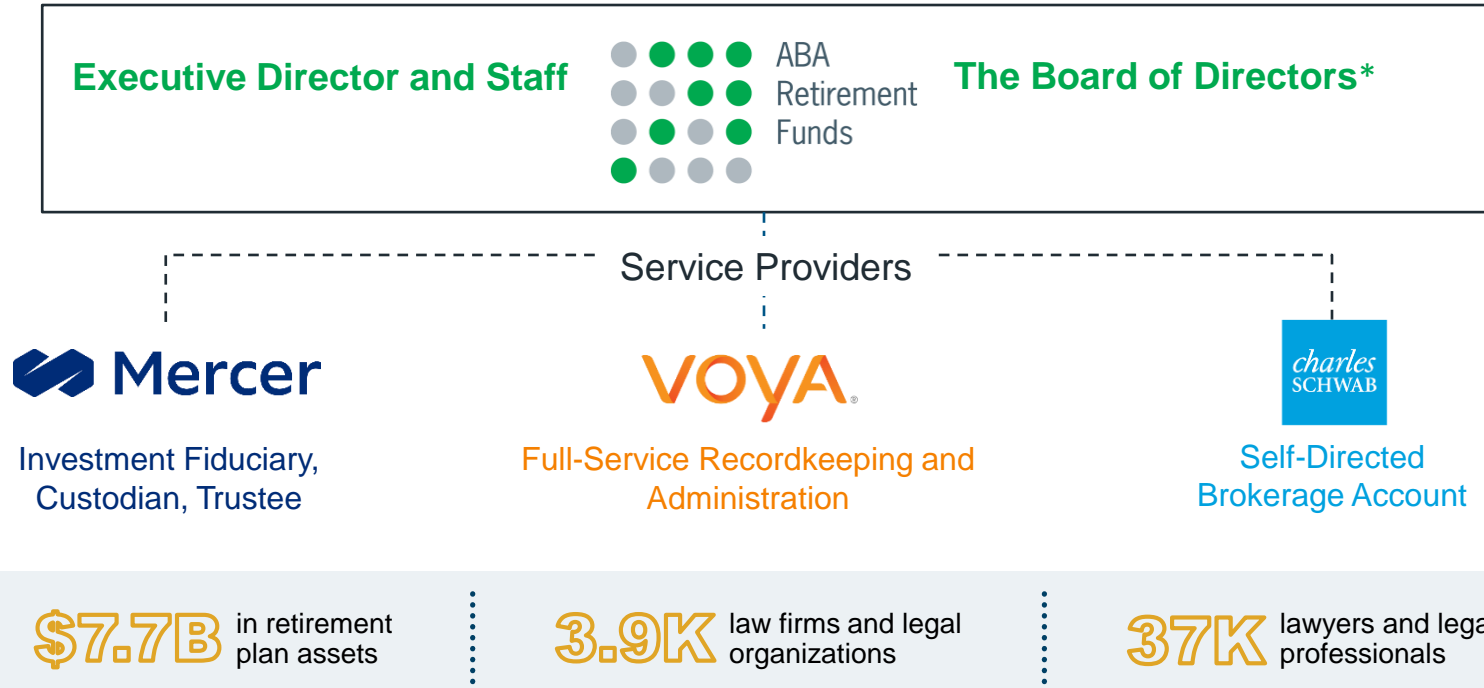
Unique
culture



SERVING FOR OVER
THE LEGAL
COMMUNITY **60 YEARS**

¹ Data as of 12/31/2024 unless otherwise noted

Our unique structure



* Up to 15 volunteer, unpaid seats of Directors who are attorneys
Data as of 12/31/2024

What differentiates the Program from other plan service providers

Built by lawyers, powered by pros, we believe the ABA Retirement Funds Program is considered the gold standard in multiple employer solutions because of our deep experience in offering flexible, tailored retirement plans exclusively to the legal community.

Our differentiators:



With 60+ years, the Program has **more experience with law firm retirement plans** than any other retirement plan provider.



The Program offers **the highest standard of investment fiduciary protection** under ERISA – saving your firm time and reducing your firm's risk.



The ABA Retirement Funds Board and Staff leverage the size and scale of the Program to negotiate the most **innovative** and comprehensive plan and participant services available with **some of the largest and best-known** financial services providers in the industry.



The Board uses consultants as experts to **complete in-depth reviews** of Program and operations (e.g., annual comprehensive cybersecurity review of Program providers).

Program presence across the nation



With nearly 3,900 law firm retirement plans, including solos, across the U.S., the Program may already know someone in your neighborhood.




Contact us

If you are interested in learning more about the Program:

 **Website:** abaretirement.com



 **Email** at joinus@abaretirement.com

 **Call** an ABA Retirement Funds Program Regional Representative today at **800.826.8901**

Questions?



Important information



Please read the Annual Disclosure Document (April 2025) carefully before investing. This Disclosure Document contains important information about the Program and investment options. For email inquiries, contact us at: joinus@abaretirement.com.

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Thank You

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