

## Solo 401(k)s: Cycle 3 Restatements and New Accounts



The Cycle 3 Plan Document is available on Liberty and the website under *"Solo(k) Supplemental Forms and Documents"*: [Forms, Applications, and Documents for RIAs | Axos Advisor Services](#). Prior versions of these forms are no longer accepted when opening a Solo(k). The Solo(k) forms available on Liberty and our website are the most recent documents approved by the IRS for use.

**Note:** An EIN is required to open a Solo(k) Plan. An EIN can be acquired at: [Apply for an Employer Identification Number \(EIN\) Online | Internal Revenue Service \(irs.gov\)](#)

### What is a Solo 401(k)?

A solo, or individual 401(k) plan covering business owner(s) with no employees as well as spouses with eligible compensation may be permitted to be set up as a solo(k) plan with Axos Advisor Services.

The Solo 401(k) product at Axos Advisor Services allows for use of a generic Adoption Agreement, Base Document, Trust Agreement, and IRS Opinion Letter. Among other attributes the plan allows for both Pre-tax and Roth contributions as well as employer contributions, loans, and rollovers. In all circumstances the individual who adopts the agreements will be the Trustee and Fiduciary of the plan.

More information can be found at <https://www.irs.gov/retirement-plans/one-participant-401k-plans>

### What is a Cycle 3 Restatement and Why is it Important to Complete?

A restatement is a complete redrafting of the plan document onto an updated, rewritten version of the document. The restatement incorporates changes in the law and any amendments that have been adopted since the last time the plan document was restated.

The IRS requires plan sponsors to restate their plan periodically, roughly every 6 years, to incorporate all the various changes in the law and any plan amendments since the last document restatement.

All pre-approved defined contribution plans must be restated by July 31, 2022.

The IRS can disqualify a plan if it fails to meet the restatement deadline. If a plan is disqualified all the tax benefits are lost, meaning contributions might not be deductible to the company and participants cannot defer taxes on contributions and earnings.

### What if I Currently Have Clients with Solo(k) Plans on the Platform?

AAS will be communicating directly with your clients to help facilitate the restatement, which is due by July 31, 2022. Previous communication was sent to RIAs in November of 2021 announcing the kick-off of the Restatement. Clients were mailed a communication in mid-December regarding the upcoming restatement as well.

Please let your Client Service Advocate know if you have questions.

#### **Investment Products: Not FDIC Insured - No Bank Guarantee - May Lose Value.**

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