

Self-Direct Your Individual(k) Funds

An individual(k) plan is a cost-effective 401(k)/profit-sharing retirement plan for small business owners: owner-only and those with no employees other than a spouse or partners, or with employees who meet certain requirements (work less than 1,000 hours or are under 21).

Sole proprietorships, partnerships, limited liability corporations (LLC), or incorporated businesses (including sub-chapter S corps) can establish individual(k) plans.

A self-directed individual(k) plan allows individuals the freedom to choose their own investments to earn retirement income. The vast amount of alternative assets, which include real estate, notes, and more, give plan owners the flexibility to invest in what they know best to secure their financial futures. You may also invest in your own business using this plan type.

The Benefits

Largest Contribution Amounts:

Individual(k) plans allow owners to contribute more than any other plan, allowing maximum savings for retirement.

Largest Tax Deductions:

Employers enjoy can claim up to 25% of contributions as tax-deductible, for a maximum amount of up to 25% of compensation. Elective deferrals can be excluded from the employee's income for federal income tax purpose. If you are employed and compensated by the business, your spouse may also participate in the plan.

Reduced Business Expenses:

Individual(k) plans carry lower administration fees than traditional 401(k) or profit sharing plans. Additionally, if your plan owns a C corporation, you may have the ability to draw a reasonable salary for the service you provide to the business entity.

Roth Option:

Plan owners can choose to claim a portion of their contributions as Roth contributions, gaining the potential for tax-free instead of tax-deferred growth provided distributions are taken after the age of 59½ years of age.

Non-Taxable Loans:

You can take a non-taxable loan from the account, provided the funds are repaid within five years and at a reasonable interest rate.

****Consult with an accountant or other financial advisor to ensure you qualify for this plan structure.**

Consult with Midland IRA to verify the employee exclusion information mentioned above to avoid increased plan fees and to learn how you can invest in your own business using this plan.



Are You Eligible for an Individual(k)?

If your business is a sole proprietorship, partnership, limited liability corporation (LLC), or incorporated business, including a subchapter S corporation, you may establish an individual(k) plan.

Which Individual(k) Should You Choose?

There are several alternatives, depending on your needs:

1. Traditional or full service model

- Midland IRA provides the required documents to establish the plan.
- Midland IRA provides the record-keeping services on your self-directed investments.
- This option is only available with the individual(k) plan.

2. Self service model

- Midland IRA provides the required documents to establish the plan.
- You perform your own record-keeping for investments.
- This option is only available with the individual(k) plan.

3. Enhanced service model

- You have an approved plan document.
- Midland IRA provides the required record-keeping on self-directed investments.
- This option is available with plans such as a traditional 401(k), Roth 401(k), profit-sharing plans, and employer stock ownership plans.

4. Individual(k) plan with Roth option

- If you choose the Roth option, a portion of your contributions will not be tax-deductible. However, the earnings may be distributed tax free. If you're considering a Midland IRA individual(k), be sure to consult with your accountant or investment advisor.

Reporting and Disclosure Requirements

No annual reporting is required until your assets exceed \$250,000. When your assets reach this amount, you need to file form 5500-EZ annually.

Deadline to Establish an Individual(k) Plan

This deadline is the last day of your fiscal year.

