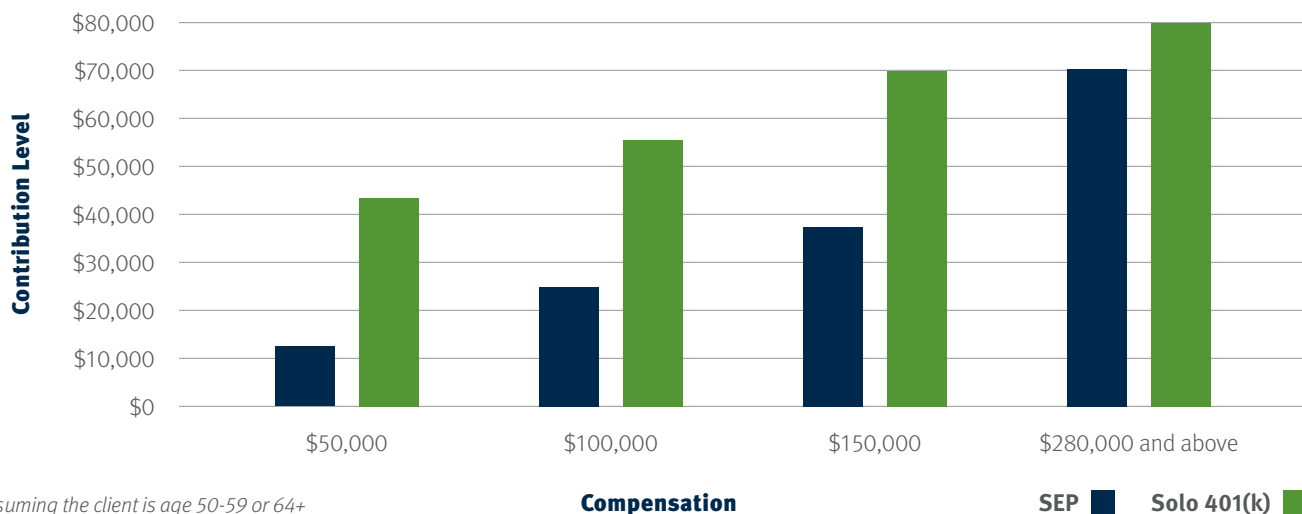


# SEP IRA Versus Solo 401(k)

## Which is best for the owner-only business?

Retirement

An employer can contribute the lesser of 25% of compensation or \$72,000 for 2026 to a SEP IRA. A Solo 401(k) plan allows an owner-only business to contribute 25% of compensation plus an individual's salary deferral of \$24,500, up to a maximum of \$72,000 for 2026. Individuals age 50-59 and 64+ may contribute an additional \$8,000 in salary deferrals in the Solo 401(k) plan. Individuals age 60-63 may contribute an additional \$11,250 in salary deferrals in the Solo 401(k) plan.



Assuming the client is age 50-59 or 64+

FEATURE	SEP IRA	SOLO 401(k)
<b>Loan Availability</b>	No.	Yes, up to the lesser of 50% of vested account balance or \$50,000.
<b>Plan Establishment &amp; Contribution Deadline</b>	Tax filing deadline, plus extensions.	Tax filing deadline, plus extensions. Generally, the plan will need to be established before year-end to make elective deferrals for that year.*
<b>Maximum Eligibility</b>	Age 21 and worked for the business in three of the last five years.	Age 21 and worked for 1,000 hours in one year (two years if immediate vesting).
<b>Distributions Available</b>	Yes. However, distributions prior to age 59½ may be subject to 10% penalty.	Only if a qualifying event occurs (e.g., plan termination, death, disability). Distributions under age 59½ may be subject to 10% penalty.
<b>Annual 5500 Filing</b>	No.	Yes, unless the plan has less than \$250,000. Must always be filed in final year.
<b>Creditor Protection</b>	Protected in bankruptcy proceedings only; in non-bankruptcy determined by state laws.	May be available if plan is deemed an ERISA plan or if plan meets eligibility under state spendthrift laws.

\*Sole Proprietors and Single Member LLCs can fund Solo(k) plans with employer contributions until tax filing, plus extensions. Employee contributions must be made by the tax filing deadline.

State and local tax laws may differ from federal tax laws. Stifel does not provide tax advice. You should consult with your professional tax advisor regarding your particular situation.

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