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Self-employed entrepreneur? The Solo 401(k) may be for you

BY ADAM BERGMAN
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When it comes to their work and interests, I have found that many Americans lead lives that are more creative, fascinating and "outside the norm" than they probably realize. In my work, I meet many successful local South Florida entrepreneurs and small-business owners, many of them millennials, who started out at every imaginable occupation: attorneys, physicians and consultants, fashion photographers and engineers, corporate vice presidents, and who made the successful transition to small-business owner. Some were born in South Florida, but many others became infatuated with the sunshine, lifestyle, international flavor and the comparatively lower cost of living.

I have found that the people who are the most creative, entrepreneurial and disciplined in their professional lives face the biggest challenges in saving for retirement, especially millennials and Generation Xers who are in their 20s or early 30s and are just starting along the entrepreneurial path. The self-employed architect, the store owner, the engineering consultant, the software developer, the jewelry designer, the website developer, the mortgage broker, the real estate agent — such people strive incredibly hard, take calculated risks every day, and achieve more satisfaction and fulfillment through their work than most of the people I know who are employed by corporations or businesses.

I'm not sure how clearly the government
entrepreneur, but the government does s
comes to saving for retirement. The beau
playing field: It actually gives the self-em
significant advantage in the game. The fo
of tax deferral. Tax deferral means that y
money in your tax-deferred accounts. Th
having to remove any funds to pay tax.

Self-employed people can now benefit fr
based health insurance. But the incomes
downs. The beauty of risk is that it come

empowerment. But a Solo 401(k) allows one to save more money than almost any retirement savings vehicle available to an employed person. So even if you can't have consistency every year, you can save even more on your good years — a lot more. For 2016, you can put aside as much as $53,000 per year tax-free, or $59,000 if you are over age 50. And you can make your contributions in pretax or after-tax (Roth) dollars as suits your needs.

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A self-employed person will always have capital and other expenses that chip away at gross income. But a Solo 401(k) allows you to borrow up to $50,000 tax- and penalty-free from yourself to pay for capital and other business or life expenses. And you not only pay back that loan at the lowest interest rate possible, but you add that interest payment to your own retirement savings plan: the definition of a win-win.

A Solo 401(k) plan is incredibly easy to establish and administer as well. There's no annual tax filing or reporting required if your assets are under $250,000. There's no cumbersome testing to administer. Set costs and annual fees are very low. You can use your local financial institution to hold the account.

Here's another secret: The government w

has made saving (and accumulating) a lot
enticing. For once, the game is rigged in

The rules of the game, however, and the
many fail to win. Too many people do no
part in it. This is especially true for the m
deferral is that, generally, the earlier you
exactly why it is a perfect time for South
retirement and kick-start their tax deferra

The Solo 401(k) is the most tax advantag
retirement wealth builder for the South F
employees, and along with Obamacare, h

entrepreneurship much easier and less risky.

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