Cetera RETIREMENT PLAN SPECIALISTS

SOLO (CB):

A Cash Balance Plan for the Self-Employed

WHAT IS A SOLO(CB)?

A Solo(cb) plan (a one-participant cash balance plan) is a cash balance defined benefit plan created specifically for self-employed individuals. Because a Solo(cb) is a pension plan, it affords the opportunity to take advantage of retirement and tax limits which may not be accessible in another retirement plan.

A Solo(cb) plan is frequently called a hybrid plan because in many ways it resembles a 401(k) plan. In a Solo(cb) plan, your "account balance" (your plan benefit) grows from two sources: a pay credit and an annual interest credit. Both the pay credit and interest credit are specified (or "defined") in the plan document and are subject to IRS guidance. Interest credit is guaranteed and independent of the plan's investment performance. When it's time to distribute the funds out of the plan, your cash balance plan "account balance" may be moved to another tax-advantaged account to defer taxation until distributions are needed.[1]

[1] Income tax and an early withdrawal penalty may apply if you are under age 59½ at the time of distribution.

If you have substantial recurring surplus income from self-employment and any of the below statements apply to you, then you may be a candidate for a Cetera® Retirement Plan Specialists Solo(cb):

- I am an owner of an unincorporated business that employs only me or me and my spouse
- I am a partner in a partnership that employs only partners or partners and their spouses
- I am a sole owner of a corporation (or an LLC taxed as a corporation) that employs only me or me and my spouse
- One of the statements above is true and my business has part-time employees, but none of them have ever worked 1,000 hours in a 12-month period starting with their date of employment

YOU MAY WISH TO CONSIDER A SOLO(CB) IF...

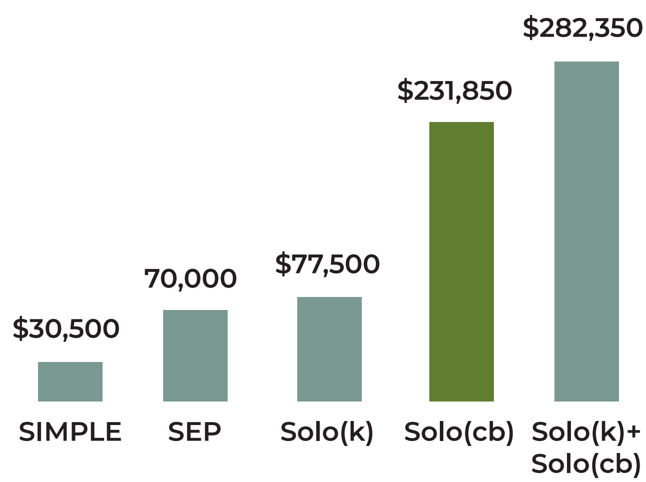
- You are able to contribute a significant amount of earnings from self-employment for a period of three years or longer
- You already maximize your retirement plan contributions and are looking for opportunities to increase deductible contributions above the limits of a defined contribution plan
- You are looking for ways to accelerate your retirement savings
- You are looking to establish a retirement plan but plan options outside of a Solo(cb) do not meet your contribution goals
- You delayed saving for retirement and need to catch up by making higher contributions than those supported by other retirement plans
- In addition to your W-2 wages from full-time employment, you have self-employment income which you would like to invest on a pre-tax basis for retirement
- Up until now you invested heavily in your business; now you have surplus self-employment income which you would like to use to bridge the retirement savings gap
- Your investment strategy to date consisted primarily of illiquid investments and you are looking to quickly diversify your retirement savings with contributions to a retirement plan account
- You are looking to transition ownership of your business on a tax-advantaged basis

HOW DOES SOLO(CB) COMPARE TO OTHER OPTIONS?

This chart illustrates Solo(cb) contribution opportunity in comparison to other retirement plans. Here you see what a 50-year-old self-employed individual can accomplish using this strategy.[2]

Contributions to a Solo(cb) are largely driven by age and compensation; the closer you are to retirement and the higher your income, the larger your cash balance plan funding. This is because a younger person has more years to accumulate the maximum cash balance benefit than an older individual.

ANNUAL CONTRIBUTION OPPORTUNITY



[2] Individual results will vary based on plan design, census data, earnings history, actuarial calculations, and governing regulations. Because Solo(cb) is a type of a defined benefit plan, minimum funding rules apply. Failure to meet minimum funding requirements leads to excise tax until funding requirements are met. The figures quoted are statutory maximums based on compensation in excess of $345,000; lower compensation will result in lower contributions. IRS regulations limit the combined contribution. Please consult with your legal or tax adviser for additional information.

HOW TO START: FOUR EASY STEPS

STEP 1: ADOPT THE PLAN

Complete the Plan Setup Authorization and send it to Cetera Retirement Plan Specialists. Cetera Retirement Plan Specialists will prepare the plan documents and deliver them to you electronically. Sign the documents and keep them in your files. You have to establish the plan by the end of your company's tax year, usually December 31.

NOTE: Effect January 1, 2020, SECURE ACT provides an extended deadline to start a new plan. An employer is allowed to adopt a new plan for a tax year as long as the plan is adopted by the due date for the employer's tax return for that year (including extensions).

STEP 2: ESTABLISH PLAN ACCOUNT

Open a cash balance plan account. Even when a plan covers several participants (owner and spouse, or partners in a partnership and their spouses), all contributions are pooled in one account because Solo(cb) is a type of defined benefit plan.

STEP 3: GET THE NUMBERS

Your plan's actuary will determine the amount of plan funding based on your age, compensation, plan document, actuarial assumptions, and IRS regulations.

Because Solo(cb) is a type of a defined benefit plan, you should never fund it until you have contribution numbers certified by the plan's actuary.

STEP 4: FUND THE PLAN

Once contributions have been determined and approved by the plan's actuary, funds may be deposited into the cash balance plan account.

Contributions must be made by your business' tax-filing deadline, including extensions. For unincorporated businesses, it is generally April 15, plus extensions; for corporations and LLCs organized as corporations, it is generally March 15, including extensions.

HOW TO MAINTAIN THE PLAN

At the end of every year, we will request your self-employed earnings information. This will allow your plan's actuary to determine the amount of plan funding based on your plan document, actuarial assumptions, and Internal Revenue Service (IRS) regulations. You should never fund the plan until you have contribution numbers certified by the plan's actuary.

1. Communicate your self-employed earnings information.
2. Receive your actuary-certified cash balance plan contribution and fund the plan.
3. File your Solo(cb) plan's Form 5500 and Actuarial Certification with the IRS. We prepare all the forms, you sign them using our electronic signature process, and we file your plan return with the IRS.

While the IRS periodically requires that changes be made to plan documents, we do our best to streamline the paperwork. When the time comes for one of these changes, we will prepare a plan amendment and send it to you for your review and signature.[3]

Cetera Retirement Plan Specialists Solo(cb) Fee Schedule	
Plan Installation	$2,000
Annual Fees	
Annual administration, including actuarial certification, and Form 5500	$2,205
Each additional participant	$55
Trust accounting (per account)	$350
Loans	
Setup	$175
Annual maintenance	$50
Distributions	
Payout calculation and forms	$375
Form 945, per form	$175
Form 1099-R, per form	$100
Required Plan Amendments	$150
Plan Termination with Final Form 5500	$3,000

[3] Refer to the fee schedule for pricing details. Cetera Retirement Plan Specialists is a third-party administrator and may not offer tax, legal and investment advice. Plan sponsors should consult their tax, legal and investment professionals.

STEP 1: ADOPT THE PLAN

STEP 2: ESTABLISH PLAN ACCOUNT

STEP 3: GET THE NUMBERS

STEP 4: FUND THE PLAN

MAINTAIN THE PLAN

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