



MySolo401kFinancial

Grow. Control. Direct.

ROBS 401K

Form 5500 "A to Z" Guide

**What you need
to know**

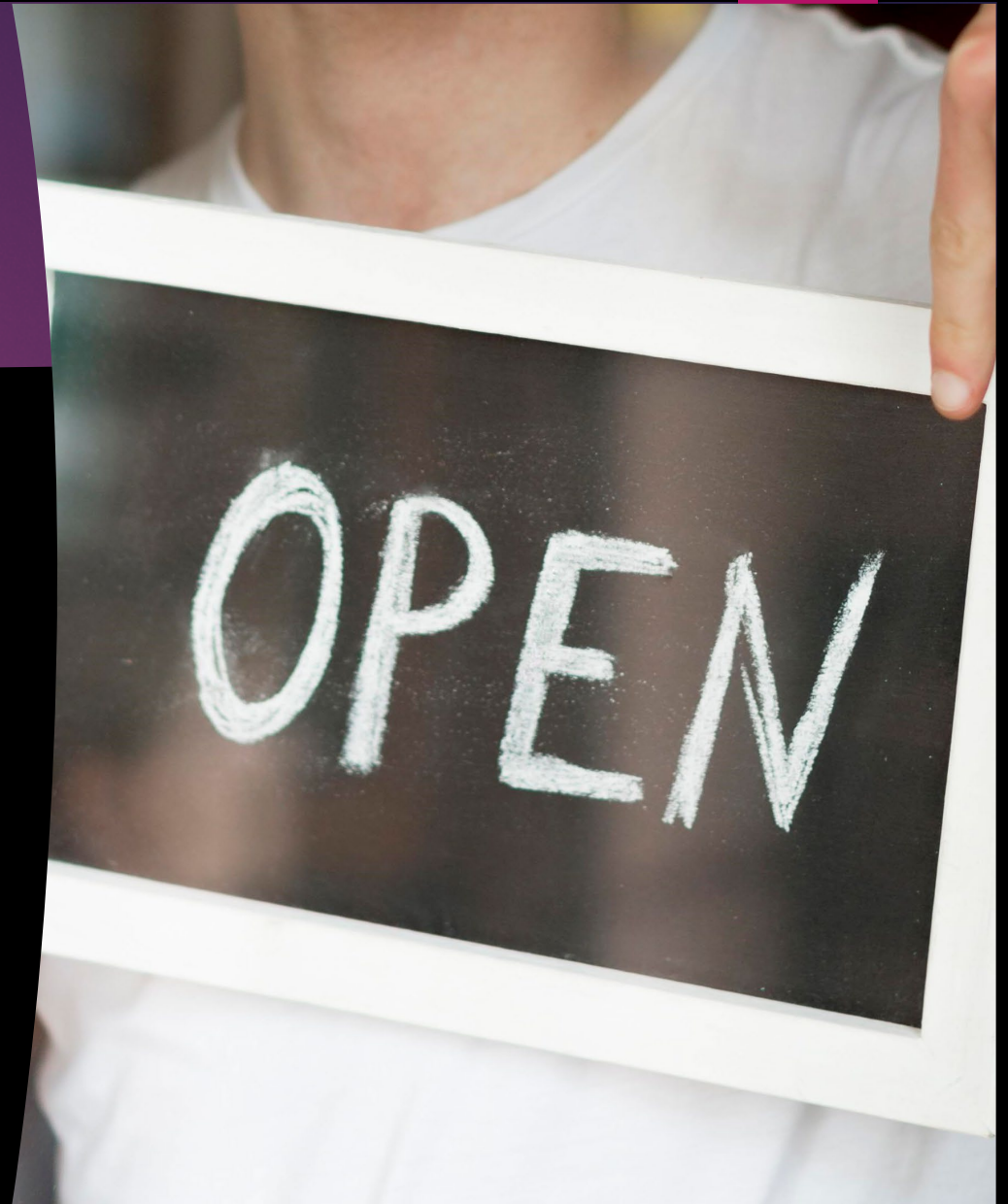


Form 5500 – What you need to know

- ❖ **What is a ROBS 401K?**
- ❖ **Form 5500**
 - ❖ **What info is reported?**
 - ❖ **When due?**
 - ❖ **Valuation**
 - ❖ **Penalties & Late Filing**
- ❖ **Learn More**

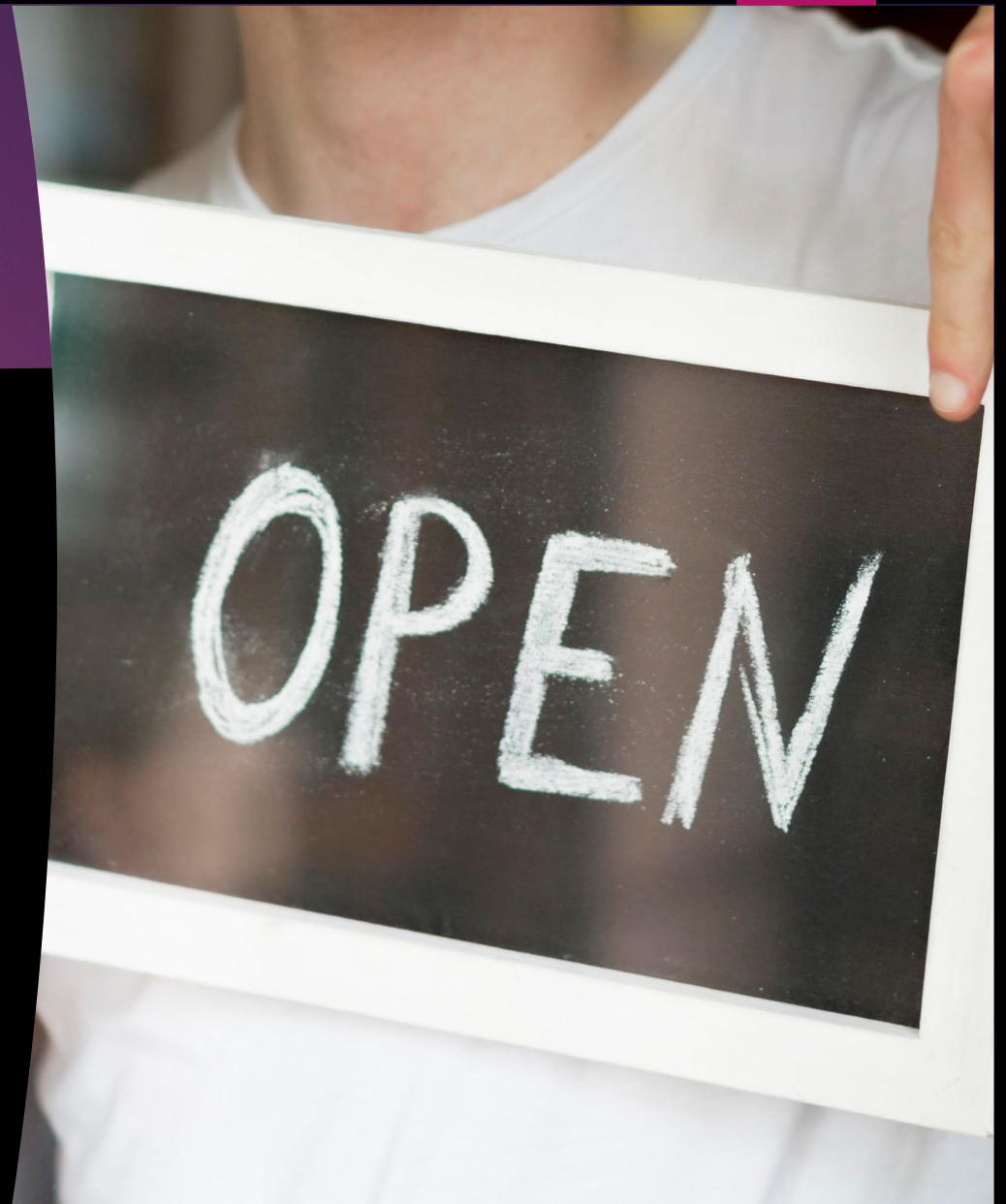
What is a ROBS 401K?

- **A rollover as business startup (ROBS) transaction allows you to use your retirement money to start or buy a business without paying taxes or penalties.**
- **Key ROBS requirements**
 - ❖ Use retirement funds in a former employer plan and/or non-Roth IRA
 - ❖ Use the funds to start or buy an active business (i.e. operating company providing goods and/or services)
 - ❖ C-corporation
 - ❖ Bona fide employee (e.g. 1000 hours per year)



ROBS 401k Process

- ❖ **Step 1:** Incorporate C-corporation
- ❖ **Step 2:** C-corporation sponsors 401k plan
- ❖ **Step 3:** Rollover funds to 401k
- ❖ **Step 4:** Invest 401k funds in the stock of the C-corporation
- ❖ **Step 5:** C-corporation may use the funds for legitimate business purposes including to buy or start a business



ROBS 401K – What is Form 5500?

- ❖ “Informational” tax return
 - Provides information about the 401k plan
- ❖ Filing the Form 5500 is consistently recognized by the Internal Revenue Service (IRS) and the Department of Labor as of ***one of the most important compliance requirements*** applicable to 401k plans.

ROBS 401K – Which Form 5500 to file?

- ❖ **Do NOT use 5500-EZ**
- ❖ **Use Long Form Form 5500**
- ❖ **Filed with the Department of Labor (not the IRS)**
- ❖ **Filed electronically via the EFAST**

FAQ: Do I have to file if the value is less than \$250k?

- ✓ **Yes**
- ✓ ***No minimum plan asset value***
- ✓ ***Contrast with \$250k minimum for Solo 401k plans***

ROBS 401K Form 5500 – What info is reported?

- ❖ **Number of Participants**
- ❖ **Type of business (i.e. business code)**
- ❖ **Contributions, Rollovers & Distributions**
- ❖ **Total Value of the Plan Assets (as of the beginning & end of the plan year)**
- ❖ **Value of Specific Assets in the 401k (NOT business assets)**
 - **Company Stock (*Per Valuation of ROBS C-corporation*)**
 - **401k Participant Loans**
 - **Alternative Investments (e.g. real estate, private placements)**

ROBS 401K – When is the Form 5500 due?

- ❖ **Form 5500 is due seven (7) months after the end of the plan year**
 - **For 12/31 plan year: 7/31 (or 10/15 if a timely extension is filed)**
 - **For 6/30 plan year: 1/31 (or 4/15 if a timely extension is filed)**
- ❖ **Note: May be different than the business tax/fiscal year & not dependent on business C-corp tax return (e.g. Form 1120)**

ROBS 401K Form 5500 – Late Filing & Penalties

- ❖ **Per the Secure Act, the IRS penalties for late filing increased tenfold (10X) to \$250 per day, not to exceed \$150,000 per plan year.**
 - **Note the Department of Labor may also assess penalties**
- ❖ **Filing under the Department of Labor's Delinquent Filer Voluntary Correction Program (DFVCP) caps the penalty to \$750 for each late Form 5500.**

ROBS 401K Final Form 5500 – Closing/Selling Your Business

- ❖ **If you close or sell your business, a Form 5500 will still be required in order to properly wind down the 401k**
- ❖ **File Final Form 5500 after funds transferred out of the 401k account(s)**
 - ✓ **ROBS C-Corporation sells/liquidates assets and pays back creditors & proceeds distributed to the stockholders including the 401k**
 - ✓ **Rollover 401k funds to an IRA (including issuing a 1099-R)**
 - ✓ **File Final Form 5500**

ROBS 401K: Learn More!

- business@mysolo401k.net
- **(800) 489-7571**



MySolo401kFinancial

Grow. Control. Direct.