

Can you invest a Solo 401k in a Certificate of Deposit (CD)?



My Solo 401k Financial[™]

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mysolo401k.net

Disclosure

- **This presentation is being provided for educational purposes only and should not be construed as tax, legal or investment advice nor as a solicitation.**
- **When making an investment decision, please consult with your tax attorney and financial professional.**



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Invest Solo 401k in a Certificate of Deposit

- ❖ In addition to investing in equities (stock and mutual funds) as well as alternative investments (e.g., real estate, tax liens, notes and precious metals), a solo 401k plan may also be invested in a certificate of deposit.



Steps to Invest a Solo 401k in a Certificate of Deposit (CD)

1

- **Open the bank account or brokerage account under the Name & EIN of Solo 401k at bank or brokerage that offers Certificate of Deposit (CD) investment options**

2

- **Fund the Solo 401k plan by (i) making Solo 401k contributions and/or (ii) rolling over funds from pre-existing retirement account(s) (e.g., former employer plan and/or non-Roth IRA)**

3

- **Invest in the Certificate of Deposit (CD) under the bank or brokerage account titled in the name of the solo 401k.**

Are Solo 401k Certificate of Deposit Investments Insured?

- ▶ **Whether your solo 401k investments are insured depends on:**
 - ❖ **The Solo 401k asset type (e.g. cash and securities) and**
 - ❖ **The type of account in which the Solo 401k asset is held (e.g. bank or brokerage account).**



FDIC Insurance for Solo 401k Bank Accounts

- ▶ **Insurance Coverage up to \$250,000**
- ▶ **Cash, Money Markets and Certificates of Deposit (CDs) held in deposit accounts at FDIC-insured institution**
- ▶ **Coverage for “Self-directed 401k Plan” accounts**
- ▶ **Calculated per institution**
- ▶ **In calculating coverage limit must aggregate and INCLUDE any other retirement account balances at the same bank (e.g. Traditional IRA, Roth IRA, SEP IRAs, etc.)**
- ▶ **In calculating coverage limit EXCLUDE any non-retirement account balances at the same bank (e.g. personal accounts, joint accounts, etc.)**
- ▶ **Parallel coverage for accounts at credit unions (NCUA)**

SIPC Insurance for Solo 401k Brokerage Accounts

- ▶ **Coverage up to \$500,000 with \$250,000 limit for cash**
- ▶ **Cash and Securities**
- ▶ **Protects against the risk of failure of the SIPC-member brokerage.**
- ▶ **Does not protect against the decline in value of securities, bad investment advice, etc.**
- ▶ **Securities include certificates of deposit**
- ▶ **Calculated per institution**
- ▶ **In calculating coverage limit EXCLUDE any IRA and non-retirement account balances at the same brokerage**
- ▶ **Certain brokerages offer excess SIPC insurance coverage (e.g. Fidelity, Schwab through Lloyd's of London).**

Is my Solo 401k Certificate of Deposit (CD) investment insured?

Asset	Account Type	Insurance
Cash, Money Market, CDs	FDIC-Insured Deposit Account	Yes up to \$250k per institution
Cash, Money Market, CDs	NCUA-Insured Deposit Account	Yes up to \$250k per institution
Cash and securities including CDS	SIPC-member brokerage	Yes up to \$500k (up to \$250k for cash) per institution

Solo 401K: Learn More!

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- **(800) 489-7571**

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