

# Setting Up an EIN for Your Solo 401(k) Plan: A Step-by- Step Guide

*Unlike IRAs, your Solo 401(k) requires a separate legal identity. Obtain an EIN to maintain tax advantages, simplify administration, and ensure clear separation from personal and business finances.*



## The Importance of an EIN



### Tax Advantages:

An EIN ensures your Solo 401(k) maintains its tax-advantaged status. Without it, contributions and earnings might be mistakenly taxed as personal or business income, negating the plan's tax benefits.



### Clear Separation:

The EIN establishes a distinct legal entity for your retirement plan, preventing confusion between plan assets and your personal or business assets.



### Simplified Administration:

An EIN facilitates purchase of assets, record-keeping, tax filings, and 1099-Rs for distributions.



### IRS Compliance:

The IRS strongly recommends obtaining an EIN for all employer-sponsored retirement plans, including Solo 401(k)s.



## Why Is an EIN not required at Some Banks but Recommended by the IRS?

Large financial institutions like Fidelity, Wells Fargo, etc., might not require an Employer Identification Number (EIN) for Solo 401(k) accounts due to several factors:

- Limited to traditional assets: Traditional investment products typically refer to stocks, bonds, and mutual funds traded on major exchanges. These can be easily tracked and managed without the complexities of an EIN.
- Simplified account setup: By not requiring an EIN upfront, banks can streamline the initial setup process for Solo 401(k) accounts. This may be attractive to some new Solo 401(k) holders.
- Internal tracking: Some banks may have internal systems that allow them to track Solo 401(k) accounts using the owner's social security number or business EIN.
- Simplified administration: Without the ability to invest in alternative assets like real estate, private equity, or directly held businesses, the administrative burden for the bank is lower. An EIN might be seen as unnecessary for these more straightforward investment options.

While some banks may not require an EIN, it is still highly recommended, especially for Self-Directed Solo 401(k)s. An EIN simplifies record-keeping, facilitates professional plan management, and is generally recommended by the IRS.



# Step-by-Step Instructions

## Setting Up an EIN for Your Solo 401(k) Plan



**Step 1:** Go to [IRS Website](https://www.irs.gov)  
Click on “apply online now.”



**Step 2:**  
Click on “Begin Application.”



**Step 3:**  
Select “View Additional Types...”  
and click on “continue.”



**Step 4:**  
Select “Employer Plan (401K,  
Money Purchase Plan, etc.),” and  
click on “continue.”



**Step 5:**  
Confirm your selection  
and click on “continue.”



**Step 6:**  
Enter your name, social security  
number, and select “I am the owner,  
trustee...,” and click on “continue.”



**Step 7:**  
Enter your home or business address,  
phone number  
and click on “continue.”



**Step 8:**  
Click on “accept database version.”

**IRS.gov**  
EIN Assistant  
4. Details

Tell us about the Employer Plan.

Legal name of Employer Plan\* \_\_\_\_\_  
 Trade name/Doing business as (only if different from legal name) \_\_\_\_\_  
 Country where Employer Plan is located\*   
 State/Territory where Employer plan is located\*   
 Employer Plan start date\*    
 Is the Plan liable for non-payroll income tax withholding?  Yes  No

**Continue >>**

**Step 9:**

- For “Legal Name of Employer Plan,” enter the name of the Solo 401(k) plan.
- For “Trade Name/Doing Business as” leave this blank
- For “County where Employer Plan is located” – if not already populated enter your state county
- For “State/Territory where Employer Plan is Located” – enter your state
- For ‘Employer Plan Start Date,’ enter January and the current year for new plans. For existing plans, enter the first day of the employer’s tax year in which the plan was adopted.
- For “Is this Plan Liable for non-payroll income tax withholding?” – enter YES

**IRS.gov**  
EIN Assistant  
5. EIN Contribution

How would you like to receive your EIN Confirmation Letter?

Receive letter online.  
 Receive letter by mail.

**Continue >>**

**Step 10:**

Select “Receive letter online,” and click “continue.”

**IRS.gov**  
EIN Assistant  
5. EIN Contribution

Summary of your information

Click the “Submit” button at the bottom of the page to receive your EIN.

**Submit**

**Step 11:**

Review and then click on “submit.”

**IRS.gov**  
EIN Assistant  
5. EIN Contribution

Congratulations! Your EIN has been successfully assigned.

EIN Assigned: 12-3456789  
 Legal Name: ABC Real Estate Retirement Plan

**Continue >>**

**Step 12:**

Write down your EIN, print and save a copy for your records and then click on “continue.”

Be sure to save a copy of the EIN for your records and provide a copy to IRAR.



**Open Your Solo 401(k) Now!**

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