



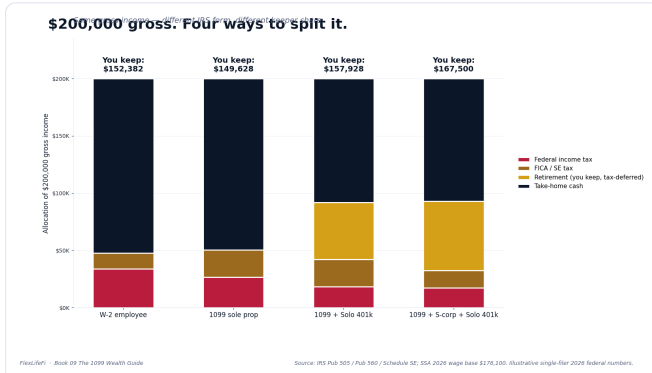
The 1099 Wealth Guide

*Structure your business. Save the tax.
Compound the rest.*

THE BIG PICTURE

Same gross. Different IRS form. Different keeper share.

*A 1099 is not a worse paycheck than a W-2. It is a different chassis. The new chassis has three moves: **STRUCTURE** the business, **SAVE TAX** with deductions and quarterly discipline, and **COMPOUND** what's left inside a Solo 401k. This book covers each of the three in two-page spreads.*



\$200K gross. The 1099 with a Solo 401k and an S-corp election keeps the most.^{1,2,11}

Three numbers worth memorizing

\$600

1099-NEC THRESHOLD

Any single payer who pays you \$600+ in a year sends a 1099-NEC. The IRS gets the same copy.¹⁴

15.3%

SE TAX RATE

12.4% Social Security to the wage base (\$176,100) + 2.9% Medicare uncapped. You pay both halves.^{1,15}

\$70,000

SOLO 401K 2026 CAP

Total combined employee + employer share, under age 50. The single biggest 1099 tax shelter.^{4,32}

YOUR PHASE RIBBON

STRUCTURE » SAVE TAX » COMPOUND

Phase 1 · STRUCTURE (pp. 3-4) — sole prop vs LLC vs S-corp election. Get the chassis right.

Phase 2 · SAVE TAX (pp. 5-6) — Schedule C deductions, mileage, home office, quarterly estimated taxes.

Phase 3 · COMPOUND (pp. 7-8) — Solo 401k contributions, mega-backdoor Roth, mineral-rights alts.

PHASE ONE · STRUCTURE**STRUCTURE · pick the chassis before the engine.**

A sole proprietorship is the legal default the moment a 1099 lands. An LLC adds liability protection. An S-corp election trims FICA. The order matters — and the wrong order costs real money.²⁹⁻⁴⁷

BUREAU-DIRECT

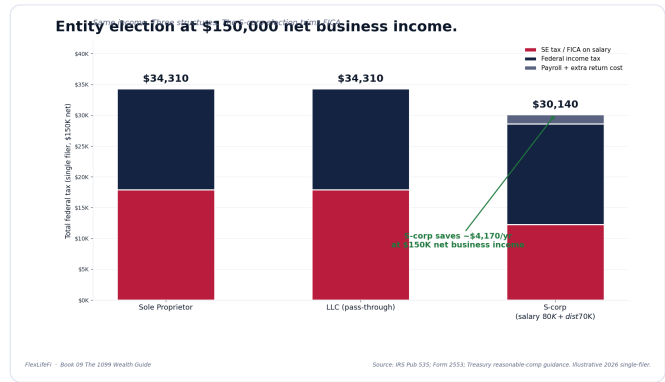
What the IRS + SBA + Treasury say

IRS Pub 583: "If you operate a business by yourself with no formal entity, you are a sole proprietor. Net profit flows to Schedule C."³

IRS Pub 535: "Ordinary and necessary business expenses are deductible against gross income."³

SBA: "An LLC is a state filing — it does not change your federal tax treatment unless you elect S-corp on Form 2553."¹⁹

Treasury / Cornell LII §1361: S-corp status requires (a) ≤100 shareholders, (b) US persons only, (c) one class of stock.²⁰



\$150K net business income. Same revenue. Three structures. The S-corp election trims roughly \$5,500–\$7,000/year in FICA after payroll service costs.^{11,29}

1 | Sole Proprietor — the default.

No paperwork. Schedule C on your 1040. Pay 15.3% SE tax on every dollar of net profit (up to the SS wage base). Personally liable for everything.^{1,14}

2 | Single-Member LLC — the chassis.

State filing (\$50–\$500). Liability shield around your personal assets. Default tax treatment is "disregarded entity" — same Schedule C as sole prop. You can elect S-corp later without dissolving.^{19,29}

3 | S-corp election — the FICA trim.

File Form 2553. Pay yourself a "reasonable salary" via payroll (FICA applies). Take the rest as an owner distribution (no FICA). Worth it once net business income clears ~\$80,000–\$100,000.^{11,29,45}

4 | C-corp — almost never for a 1099.

Double taxation (corp + shareholder). Useful if you reinvest profits and want a 21% flat rate. Most healthcare 1099s should not.

5 | Multi-member LLC / Partnership — when there's a partner.

Form 1065 partnership return + K-1s. Each partner pays SE tax on their share. Add an S-corp election if FICA savings exceed admin cost.¹⁹

THE TRAP

Skipping the entity entirely.

"It's just side income, I don't need an LLC." A single malpractice or contract dispute pierces a sole prop's personal assets — house, savings, brokerage. The \$200 LLC filing is the cheapest insurance policy on the planet.¹⁹

Quick Check 1 — Structure

1. You earn \$40,000 1099 part-time. Should you elect S-corp? Why or why not?
2. You formed an LLC last week. Is it now an S-corp? What form would change that?
3. Why does the chassis (LLC) come before the election (S-corp)?

Answers in the footer of page 4 →

PHASE ONE · STRUCTURE (CONT.)

The S-corp walk-through. Five steps. One season.

Once net business income clears the threshold, the S-corp election runs on a calendar. Miss the date and you lose the year. The 2553 deadline is the one most healthcare 1099s blow first."

1 | Form the LLC at your state's Secretary of State.

Online filing, \$50–\$500 depending on state. Get the EIN from [IRS.gov/EIN](https://www.irs.gov/ein) the same day — it's free and instant.^{19,33}

2 | File Form 2553 within 75 days of formation.

Or by **March 15** of the year you want the election to take effect on an existing entity. The IRS rejects late 2553s with limited relief under Rev. Proc. 2013-30.¹¹

3 | Hire a payroll service.

Gusto, ADP, OnPay, or QuickBooks Payroll. ~\$40–\$80/month. They handle W-2 withholding, federal/state filings, year-end W-2s. **Do not run S-corp payroll by hand.**

4 | Set "reasonable compensation" using comp data.

BLS wage data, RCReports, or a 1-hour CPA consult. For healthcare 1099s, often **40–60% of net business income** as W-2 salary; the rest as distribution.^{29,46}

5 | File Form 1120-S in March.

One month before your personal return. K-1 flows to your 1040. Keep the books clean — S-corps audit at higher rates than sole props when comp looks unreasonable.²⁹

WHAT WE DID — OUR LAUNDROMAT

From sole prop to S-corp at \$90K net.

The laundromat at ,000, we filed an LLC, sent in 2553, ran payroll quarterly through Gusto. The first-year FICA savings (~\$4,800 net of payroll cost) funded the second-bay vending refresh. Same income. Same business. Different IRS form. Different keeper share.



"Choose your IRS form like you choose your job — match it to the income you actually have, not the one you wish you had. Below \$80K, the S-corp loses to the payroll fee. Above \$100K, it pays for itself by Q2."

COACH LEDGER · THE TAX CROSS-LINK

THE TRAP

Salary set to zero.

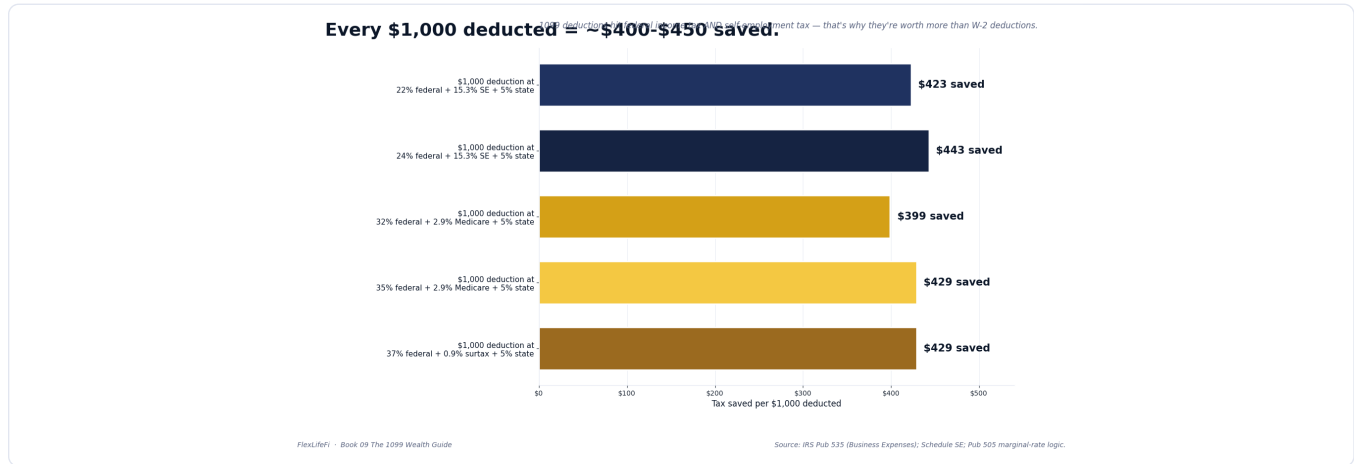
The #1 S-corp audit trigger is paying yourself \$0 salary and 100% distribution. The IRS will reclassify the distributions as wages and bill back-FICA + penalties + interest.²⁹

Page 3 answers: 1) No — payroll cost > FICA savings below ~\$80K net. 2) No — LLC default is disregarded; file Form 2553 to elect S-corp. 3) The LLC is the legal chassis (liability shield); the S-corp is a federal tax election that rides on top of it.^{11,19,29}

PHASE TWO · SAVE TAX

SAVE TAX · every \$1,000 deducted is ~\$400 saved.

A W-2 deduction reduces federal income tax. A 1099 deduction reduces federal income tax and self-employment tax. Same dollar deducted is worth ~25% more on Schedule C than on Schedule A.^{3,15}



Same \$1,000 deduction. Different rates. The 1099 deduction lands on the SE tax line — that's why it's worth more than W-2 itemizing.^{3,15,21}

- 1 | Mileage at 70¢/mile (2026 rate).**
 Standard mileage or actual expenses. Pick one method the first year. 14,000 business miles = \$9,800 deducted.^{22,5}

- 2 | Home office — exclusive use.**
 Simplified method: \$5/sq ft, max 300 sq ft, max \$1,500. Actual method: business-% of rent/mortgage, utilities, insurance, depreciation. Pub 587.⁶

- 3 | Section 179 equipment.**
 Stethoscopes, ultrasound probes, laptops, exam tables. Fully expensed in year of purchase, up to ~\$1,250,000 for 2026. Pub 946.⁸

- 4 | Self-employed health insurance.**
 Above-the-line deduction on Schedule 1. Premiums for you, spouse, dependents. Cannot exceed business net profit minus ½ SE tax minus retirement.²³

- 5 | Section 199A QBI — 20% deduction.**
 20% of Qualified Business Income, with phase-out for healthcare (SSTB) above ~\$241,950 single / \$483,900 MFJ. Form 8995 / 8995-A.^{7,16,22}

SCHEDULE C — THE DEDUCTION LIST

What healthcare 1099s should never miss

Malpractice + tail coverage. CME, journals, board renewals. Licenses, dues. Cyber + general liability insurance. Phone + internet (business %). Books + journals. Software (EMR, scheduling). Banking + credit-card fees (business account). Tax prep + accounting fees. Scrubs ONLY if not suitable for everyday wear.^{3,14}

THE TRAP

Mixing personal and business.

Audits start here. Open a separate business checking on day one. Pay yourself a draw by transfer. Every business charge through the business card; every personal charge through the personal card. Coach Ledger calls this **"every dollar tagged before deposit."**^{3,54}

~38¢

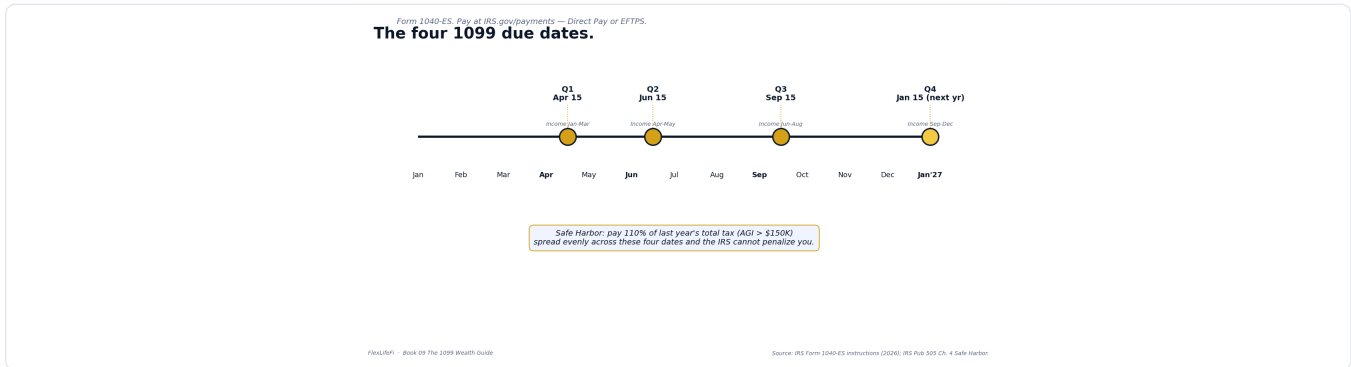
SAVED PER \$1 DEDUCTED

22% federal + 15.3% SE on the average healthcare 1099 marginal-rate bracket. State tax adds 3–10¢ more.^{15,18}

PHASE TWO · SAVE TAX (CONT.)

Pay quarterly. Hit the safe harbor. Sleep at night.

The IRS expects pay-as-you-go. W-2 employers handle that automatically; 1099 workers do it themselves four times a year on Form 1040-ES. Miss the dates and the underpayment penalty — currently ~8% APR — eats real money.^{9,30}



Four dates. One safe-harbor rule. 110% of last year's tax (AGI > \$150K) split evenly across these dates = no penalty.^{2,9}

THE SAFE-HARBOR RULE**Pay the smallest of these three**

1. 90% of this year's tax · 2. 100% of last year's tax (1040 line 24) · 3. 110% of last year's tax if AGI > \$150K — Jonathan's lane.² Pay at IRS.gov/ payments via Direct Pay (free) or EFTPS.⁹

THE TRAP**Skipping a quarter "to catch up later."**

Penalty computed on days outstanding. Even paying the full year by April 15, the IRS bills interest for every day each quarter ran short. ~8% APR on \$20K held 6 mo = **~\$800 in pure penalty.**³⁰

Quick Check 2 — Save Tax

1. 2025 total tax \$48,000, AGI \$185,000. What's the safe-harbor quarterly payment?
2. You drove 12,500 business miles. What's the standard-mileage deduction?
3. Can you deduct your scrubs?

Answers in the footer of page 8 →

1 | Open the 30% tax savings.

Marcus, Ally. Auto-transfer 30% of every 1099 deposit. High earners 35–40%.⁵⁴

2 | Project Q1 tax in January.

Last year's 1040 line 24 × 1.10 (AGI > \$150K) ÷ 4 = the quarterly number.^{2,9}

3 | Set four calendar reminders.

Apr 15 · Jun 15 · Sep 15 · Jan 15. Direct Pay counts as "received" on submission — even 11:59 PM.⁹

4 | Reconcile each quarter.

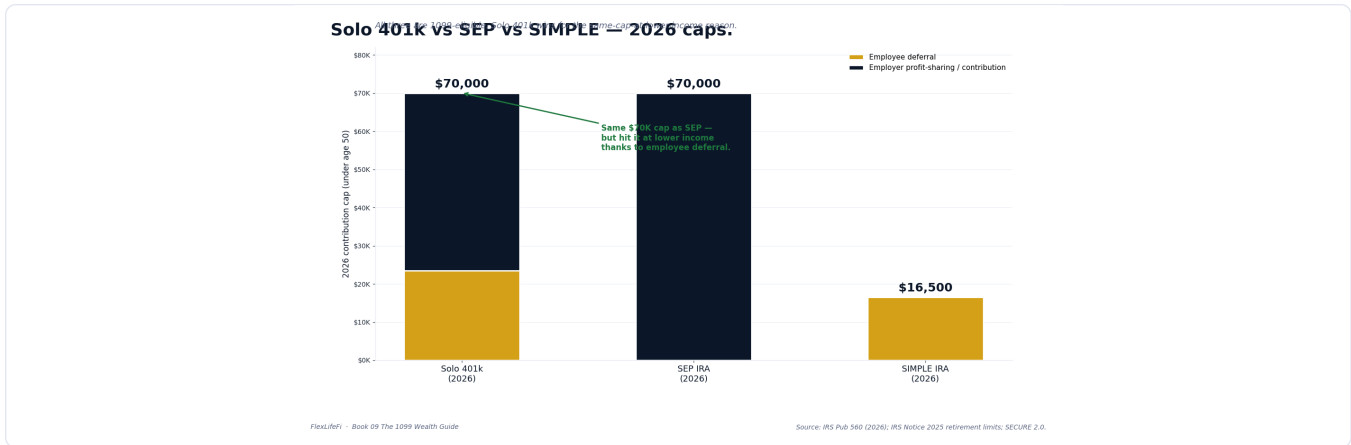
Update YTD P&L. Income spiked? Raise next payment. Fell? Drop it — but never below safe-harbor.²

5 | State estimated taxes too.

Most states follow the same dates. KS, MO, CA, NY all do. Check your state revenue dept's voucher.

PHASE THREE · COMPOUND**COMPOUND · the Solo 401k is the unfair advantage.**

*A 1099 worker with a Solo 401k can shelter **\$70,000/year** (2026, under 50) — more than 3× a W-2 worker's max 401k. After 50: \$77,500. Ages 60-63: up to \$81,250 with the SECURE 2.0 super-catch-up.^{23,24,25,32}*



Same \$70K cap as the SEP — but the Solo 401k's employee deferral lets you reach the cap at lower SE income. ^{4,24}

1 | Open the Solo 401k by Dec 31.
Plan must be established by year-end (SECURE Act extended employee-deferral funding to the tax-filing deadline). Fidelity, Schwab, Vanguard — free. Self-directed at MySolo401k or RocketDollar — ~\$300–\$600/yr. ^{23,37}

2 | Stuff the employee deferral.
\$23,500 (2026 max under 50). Funded out of personal cash flow as long as net SE income supports it. ²⁴

3 | Add the employer profit-sharing.
~25% of net SE income (after the ½-SE-tax adjustment for sole proprietors). Sole prop math: \$200K net SE → ~\$37K employer share → \$60.5K total before the cap. **Bumps to the full \$70K cap above ~\$280K net SE.** ⁴

4 | Pick Roth vs Traditional inside the plan.
Most providers (Fidelity, Schwab, Vanguard) now offer Roth Solo 401k features at no extra cost. Traditional for the high-income years; Roth for the gap years. ^{23,33}

5 | File Form 5500-EZ once balance > \$250K.
Once. Per year. By July 31. Penalty for missing is steep — set the calendar reminder at \$200K to give yourself runway. ³⁸

BUREAU-DIRECT

What IRS Pub 560 actually says

"A one-participant 401(k) plan is a traditional 401(k) plan that covers a business owner with no employees." The plan can accept Roth deferrals if the plan document allows. ^{4,23}

The 2026 §415(c) total contribution limit is \$70,000 — applied per plan, per unrelated employer. Multi-employer healthcare 1099s with two unrelated practices can have two Solo 401ks. Talk to a CPA. ²⁵

THE TRAP

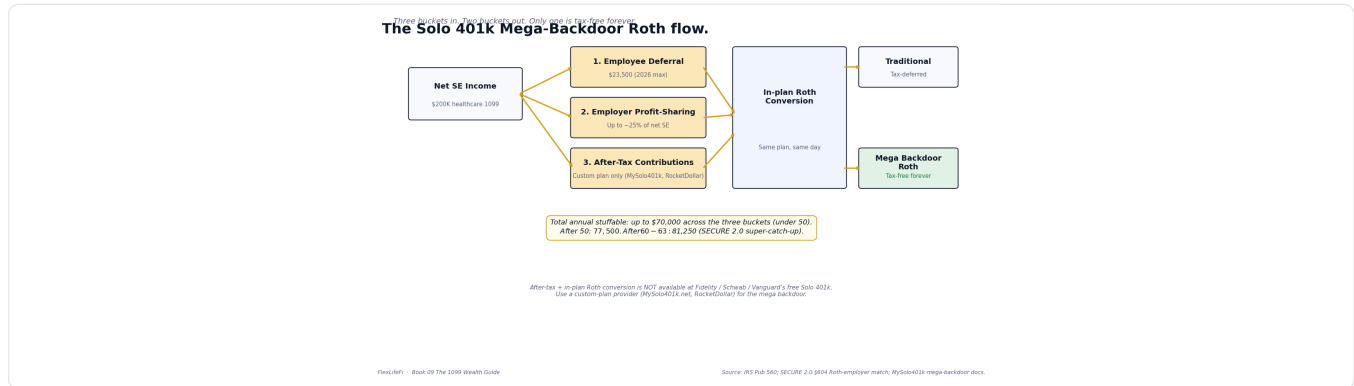
SEP IRA blocking your Backdoor Roth.

SEP IRA balances count toward the pro-rata rule on Backdoor Roth conversions. If you have a \$200K SEP and try to convert \$7K, only ~3.4% is treated as basis; the rest is taxable. The fix: **roll the SEP into a Solo 401k before December 31.** Solo 401k balances do NOT count toward pro-rata. ^{10,23}

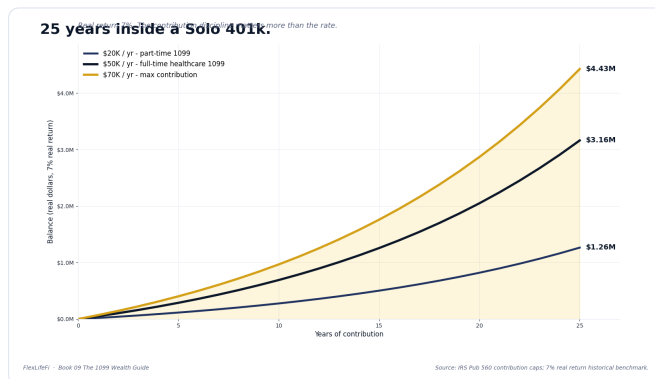
PHASE THREE · COMPOUND (CONT.)

Mega-backdoor + mineral rights = the Wildy stack.

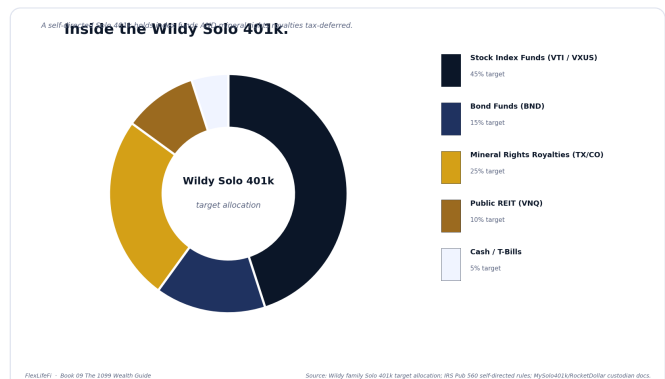
Big-box Solo 401ks (Fidelity, Schwab, Vanguard) cap you at the \$23,500 employee deferral plus the employer share. A self-directed custom plan opens a third bucket — after-tax contributions converted to Roth — and lets the plan hold real assets, not just stocks.^{35,36}



Three buckets in. Two buckets out. Only the Roth bucket is tax-free forever.^{23,35}



25 years. 7% real return. Contribution discipline matters more than the rate.⁴



Wildy Solo 401k target allocation. Royalties flow back into the plan tax-deferred.³⁶



"Our 1099 income funds a self-directed Solo 401k holding TX/CO mineral rights. Royalties compound tax-deferred. Same plan. Different lanes."

JONATHAN

Quick Check 3 — Compound

1. Why do most healthcare 1099s pick Solo 401k over SEP?
2. Why won't Fidelity's free Solo 401k handle the mega-backdoor?
3. Name one alternative asset a self-directed Solo 401k can hold.

Answers in the footer of page 10 →

Page 6 answers: 1) $(\$48,000 \times 1.10) \div 4 = \$13,200/\text{quarter}$. 2) $12,500 \times \$0.70 = \$8,750$. 3) Only if not suitable for everyday wear — typical scrubs are deductible; street clothes are not.^{2,22}

REAL STORY · JONATHAN

From "I owe forty-eight thousand?" to a Wildy Solo 401k holding mineral rights.

The first 1099 year I made \$187,000 and didn't know the rules. The fifth year, the system was running on autopilot. Here's the timeline — with the actual numbers and the actual mistakes.

Y1 | \$187K gross. \$48K owed in April. \$1,200 underpayment penalty.

I had not heard the words "quarterly estimated tax." I felt rich until April. I learned the SE tax rate (15.3%) and the safe-harbor rule the hard way — by paying for them.^{1,2,30}

Y2 | Opened a Fidelity Solo 401k. Stuffed \$44K. Built the bookkeeping system.

30% of every deposit autotransferred to a Marcus high-yield account on the day it landed. QuickBooks Self-Employed for mileage and Schedule C. Sunday 30-minute reconciliation cadence.^{53,54}

Y3 | Net income hit \$165K. Filed Form 2553. S-corp election effective Jan 1.

Reasonable comp set at 50% of net via RCReports + a 1-hour CPA call. Gusto for payroll. First-year FICA savings ~\$6,200 net of payroll fee. The election ran one quarter ahead of the deadline — twice.^{11,29}

Y4 | Rolled the Fidelity Solo 401k to MySolo401k.net. Bought first mineral-rights tract in Hartley County, TX.

Self-directed structure. After-tax contributions plus in-plan Roth conversion (mega backdoor) added \$19K of Roth that year. The mineral lease sent first royalty checks at month 7 — back into the plan, tax-deferred.^{35,36}

Y5 | Solo 401k crossed \$250K. First Form 5500-EZ filed July 31. Added Colorado mineral interests.

The same income that owed \$48K in Y1 now showed an effective federal rate ~6 points lower — and the Solo 401k held ~\$300K in a mix of VTI, BND, and producing mineral interests across two states.^{36,38}

THE NUMBERS BEHIND THE TIMELINE

What the system actually does over 5 years

Year 1 effective federal rate: ~28%. Year 5 effective federal rate: ~22%. Combined Solo 401k + Backdoor Roth + HSA contributions over 5 years: **~\$310,000**. That number — call it the "shelter total" — compounds tax-deferred for 30 years and shows up at age 60 as roughly **\$2.3M** at 7% real, before any further contributions.^{4,32}

TOP COMPANIES & DIRECT CONTACTS

Ten phone numbers worth saving today.

Every URL and phone in this table verified by web search on 2026-04-25. Consumer-facing lines only — no upsell, no call-center traps.

Source	Free / Help URL	What to ask for	Phone
IRS Business & Specialty Tax Line	irs.gov	EIN, S-corp election, 1099 questions	800-829-4933 ⁵⁵
U.S. Small Business Admin (SBA)	sba.gov	Free counseling, SBA loans	800-827-5722 ⁵⁷
SCORE (free mentors)	score.org	Free 1:1 small-business mentoring	800-634-0245 ⁵⁸
Fidelity Self-Employed Retirement	fidelity.com/retirement-ira/small-business	Free Solo 401k, Roth Solo 401k	800-343-3548 ⁶⁰
Schwab Individual 401k	schwab.com	Free Solo 401k	800-435-4000 ⁶¹
Vanguard Individual 401k	investor.vanguard.com	Free Solo 401k (Roth feature)	800-523-1036 ⁶²
MySolo401k.net	mysolo401k.net	Self-directed Solo 401k, mega-backdoor Roth, alts	925-258-9700 ⁶³
RocketDollar	rocketdollar.com	Self-directed Solo 401k & IRA	855-762-5383 ⁶⁴
QuickBooks Self-Employed	quickbooks.intuit.com/self-employed	Mileage tracking + Schedule C export	800-446-8848 ⁵³
HRSA / NHSC Loan Repayment	nhsc.hrsa.gov	Tax-free repayment for shortage-area clinicians	800-221-9393 ⁵⁹

HOW TO USE THIS PAGE

Open the EIN. Open the Solo 401k. Open the books.

Step 1. IRS.gov/EIN — five minutes online, free.

Step 2. Pick a Solo 401k provider above. Open the plan by Dec 31 even if you fund it later. **Step 3.** Pick a bookkeeping app. **Step 4.** Book a free SCORE mentor for your first quarterly review.^{33,4,53,58}



JONATHAN

"The IRS's own line is the single most underused free resource for 1099 workers. They will literally walk you through the 2553 election on the phone."

Page 8 answers: 1) Same \$70K cap, but employee deferral lets Solo 401k reach the cap at lower SE income. 2) Free Solo 401ks don't allow after-tax + in-plan Roth conversion. 3) Real estate, mineral rights, private credit, precious metals, crypto.^{4,35,36}

ACTION PLAN · 30 DAYS

Seven dated steps. One month. The system is live.

Tear this page out. Tape it to the inside of the binder where you keep your contracts. Check the boxes as you go. By Day 30 every leg of the STRUCTURE » SAVE TAX » COMPOUND tripod is standing.

DAY 1 **Open a business checking account + the 30% tax savings.**

Bluevine, Mercury, or Chase Business Complete for checking. Marcus or Ally for the 30% tax reserve. Auto-transfer set the same day.⁵⁴

DAY 2 **Get an EIN at IRS.gov/EIN.**

Free. Five minutes. Use it for the Solo 401k, the LLC, and any future entity.³³

DAY 5 **File the LLC at your state's Secretary of State.**

\$50–\$500. The chassis goes in BEFORE the S-corp election. (See Book 07.)¹⁹

DAY 10 **Open the Solo 401k.**

Fidelity / Schwab / Vanguard for free. MySolo401k or RocketDollar if you want mega-backdoor + alts. Roll any old 401k or rollover IRA in BEFORE Dec 31.^{10,23,35}

DAY 14 **Pick a bookkeeping app and back-fill YTD.**

QuickBooks Self-Employed if mileage matters. Wave if you want free. Categorize every transaction since January 1.⁵³

DAY 21 **File next 1040-ES.**

Use the safe harbor: 110% of last year's tax (line 24) ÷ 4. Pay at IRS.gov/payments — Direct Pay or EFTPS.^{2,9}

DAY 30 **Book a CPA or SCORE consult.**

Three questions: (a) Is S-corp worth it for me this year? (b) What's my QBI / SSTB phase-in? (c) State-specific 1099 deductions I'm missing? SCORE 800-634-0245.^{11,7,58}

**JONATHAN SAYS****"Every 1099 deposit gets sliced before it lands."**

30% to the tax savings. 25% to the Solo 401k bucket if you're funding it monthly. The remainder is the only number that's actually yours to spend. Build the system in Month 1; it runs on rails forever after.

\$0**EIN + SOLO 401K COST**

EIN is free at IRS.gov. Solo 401k is free at Fidelity/Schwab/Vanguard. Only the LLC filing fee is unavoidable.

GLOSSARY

Twenty-four terms a 1099 worker should know cold.

Tax-and-legal jargon, defined in one or two sentences. Every term in this book is here, plus the ones you'll meet on a CPA call.

1099-NEC

The IRS form a payer sends to a non-employee contractor who received \$600+ in a year. Income lands on Schedule C.¹⁴

1099-K

Sent by payment processors (Stripe, PayPal, Square) when total card/app payments exceed the year's threshold. Same income, different reporter.¹⁴

Schedule C

Form attached to the 1040 reporting business income and expenses for a sole prop or single-member LLC.¹⁴

Schedule SE

The form that calculates self-employment tax (Social Security + Medicare) on Schedule C net income.¹⁵

Self-Employment (SE) Tax

15.3% combined Social Security (12.4%) and Medicare (2.9%) on net SE earnings ($\times 0.9235$ base).¹

FICA

Federal Insurance Contributions Act. Same total tax as SE tax, but split into employee/employer halves on a W-2.

FICA Wage Base

The annual income ceiling above which Social Security tax stops. **\$176,100 for 2026.**³⁴

Additional Medicare Tax

0.9% extra Medicare on earned income above \$200K single / \$250K MFJ.²¹

AGI

Adjusted Gross Income. Total income minus above-the-line deductions ($\frac{1}{2}$ SE tax, Solo 401k, HSA, SE health insurance).

Section 199A / QBI

20% deduction of Qualified Business Income for pass-through business owners. Phase-out for healthcare (SSTB) above income thresholds.^{7,16}

SSTB

Specified Service Trade or Business. Healthcare, law, accounting, consulting, financial services. QBI deduction phases out above \$241,950 single / \$483,900 MFJ for 2026.^{20,22}

Section 179

IRS code section letting a business fully expense qualifying equipment in the year of purchase, up to ~\$1.25M for 2026.⁸

Solo 401k

A 401k for a business with no employees other than owner and spouse. Highest contribution ceiling for the self-employed; \$70K aggregate cap for 2026.²³

Mega Backdoor Roth

A Solo 401k strategy combining after-tax contributions plus an in-plan Roth conversion. Requires a custom plan; not available at most big-box providers.³⁵

SEP IRA

Simplified Employee Pension. Easy 1-page setup (Form 5305-SEP). 100% employer-funded; no employee deferral. Same \$70K cap but reached at higher income.^{12,40}

SIMPLE IRA

Employee + employer plan, \$16,500 cap (under 50) for 2026. Built for businesses with W-2 employees.²⁷

Backdoor Roth IRA

Method for high earners: contribute to a Traditional IRA (nondeductible), then convert to Roth. File Form 8606.^{10,28}

Form 1040-ES

The IRS form for paying quarterly estimated taxes. Four vouchers per year.⁹

Safe Harbor

The IRS rule that prevents an underpayment penalty if quarterly prepayments hit one of three thresholds (90% / 100% / 110%).²

Reasonable Compensation

The S-corp salary the IRS requires you to pay yourself — "reasonable for services performed." Setting it too low is the #1 audit trigger.^{29,46}

Form 2553

The IRS form to elect S-corp tax status on an existing LLC or corporation. Deadline: by 15th day of 3rd month of the tax year, or within 75 days of formation.¹¹

Form 1120-S

The S-corp federal tax return. Due March 15. Generates a K-1 for each shareholder.²⁹

Form 5500-EZ

Annual return for a one-participant retirement plan. Required when plan assets exceed \$250,000.³⁸

Self-Directed Solo 401k

A Solo 401k held with a custodian (MySolo401k, RocketDollar) that allows real estate, mineral rights, private equity, crypto. The Wildy-stack chassis.³⁶

FAQ

Twelve questions every 1099 worker eventually asks.

If your question is here, the answer cites the source. If it's not, call the IRS Business line: 800-829-4933 — they answer in plain English.

1. I just got my first 1099. Do I need an LLC right away?

No. A sole proprietorship is the legal default the moment you have business income. Open the business checking account first; the LLC can come within 60 days. (See Book 07.)¹⁹

2. How much should I set aside for taxes from each 1099 deposit?

30% of every deposit, autotransferred to a separate savings account on the day it lands. High earners may need 35–40%. Adjust after Q1 projection.^{2,54}

3. Can I write off my car?

The business-use percentage only. Standard mileage (70¢/mile in 2026) or actual expenses. Pick one method the first year.^{22,5}

4. Do I have to pay quarterly if I have a side gig and a W-2?

Either pay quarterly OR adjust your W-2 withholding (Form W-4) to cover the side income. Withholding counts as paid evenly across the year — sometimes the cleaner fix.²

5. Solo 401k or SEP IRA?

Solo 401k almost always wins — same \$70K cap, but the employee deferral lets you reach the cap at lower SE income. SEP only wins if simplicity is critical.^{4,40}

6. When is the S-corp election worth it?

Net business income above ~\$80,000–\$100,000. Below that, payroll service + extra return cost eats the FICA savings.^{11,29,45}

7. Can I deduct lunches with colleagues?

Business meals are 50% deductible. Clear business purpose, you must be present, keep the receipt with notes (who, what, why).³

8. Do I owe state estimated tax too?

In most states with income tax, yes — usually paired with the same four federal due dates. Check your state revenue department's voucher.

9. Can my spouse contribute to my Solo 401k?

Only if your spouse is a paid W-2 employee or a partner of the same business. Spousal Solo 401k contributions can double the household's tax-deferred space.²³

10. What if I miss a quarterly payment?

Pay it as soon as you remember. The penalty is computed on days outstanding — every day late costs more. Catching up by the next quarter limits the damage.³⁰

11. Can I deduct my health insurance premiums?

Yes — the self-employed health insurance deduction (Schedule 1). Limited to business net profit minus ½ SE tax minus retirement contributions.²³

12. What records does the IRS expect me to keep?

Receipts, invoices, mileage logs, bank statements, prior returns. Keep **3 years minimum** (general statute of limitations) — 6 if you under-reported income by 25%+; indefinitely if you never filed.³¹

CROSS-REFERENCES

Read these next. They extend the same system.

Each cross-reference here picks up where this book stops. Order matters: pick the one that solves your next blocker first.

READ FIRST IF YOU DON'T HAVE AN ENTITY YET**Book 07 — Lemonade to LLC**

Coach Ledger leads. Walks the test → register → scale arc. Covers the LLC filing in detail, when to add a registered agent, and how to layer DBA / fictitious names. Pre-requisite to the S-corp election in Chapter 1 of this book.

READ AFTER THE SOLO 401K IS OPEN**Book 10 — The Complete Retirement Guide**

Captain Compound walks the ACCUMULATE → CONVERT → DRAWDOWN spine. Roth conversion ladders for the tax-deferred bucket you just built; sequencing your Solo 401k, HSA, and Backdoor Roth in retirement order.^{23,28}

READ IN PARALLEL — THE UNDERWRITING STORY IS DIFFERENT FOR 1099S**Book 11 — Credit Mastery**

Coach Ledger leads. 1099 income is harder to underwrite than W-2 — most lenders want two years of tax returns, not pay stubs. Credit profile carries the difference. Explains the FICO factor mix and the dispute lifecycle. The "Read first if 1099" sidebar in Book 11 points back here.

FOR THE ALTERNATIVE-ASSET SIDE OF THE SOLO 401K**Book 05 — Alternative Investments**

Maya leads. DIVERSIFY → MINERALS → SYNDICATIONS. Explains the mineral-rights side of the Wildy Solo 401k in detail — leases, royalty math, and the tax reporting (1099-MISC vs K-1).

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"The 1099 chassis is the gateway. The Solo 401k is the engine. Credit Mastery + Mortgages & Loans is how you teach the engine to talk to a bank."

CITATIONS

Every number tied to a primary source.

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Structure. Save tax. Compound.

Three phases. One IRS form. The same federal code that makes 1099 income feel heavier than W-2 in April makes it lighter in October — once the chassis (LLC), the trim (S-corp), and the engine (Solo 401k) are all bolted on.

Open the EIN. Pay quarterly. Stuff the Solo 401k. Hand the book to the next contractor who got handed a 1099-NEC and a thank-you.

*"Choose your IRS form like you choose your job."
— Jonathan*

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