



Your Complete Guide: ROBS & Guidant

This guide explains how ROBS works, why compliance matters, what it costs, and how Guidant supports you before and after funding.

We know that learning about Rollovers as Business Startups and Guidant encompasses a lot of information, so we've distilled the basics here for you. Read on for a review of ROBS, why Guidant could be the right financing company for you, and a frank discussion on the fees associated with ROBS and becoming a business owner.

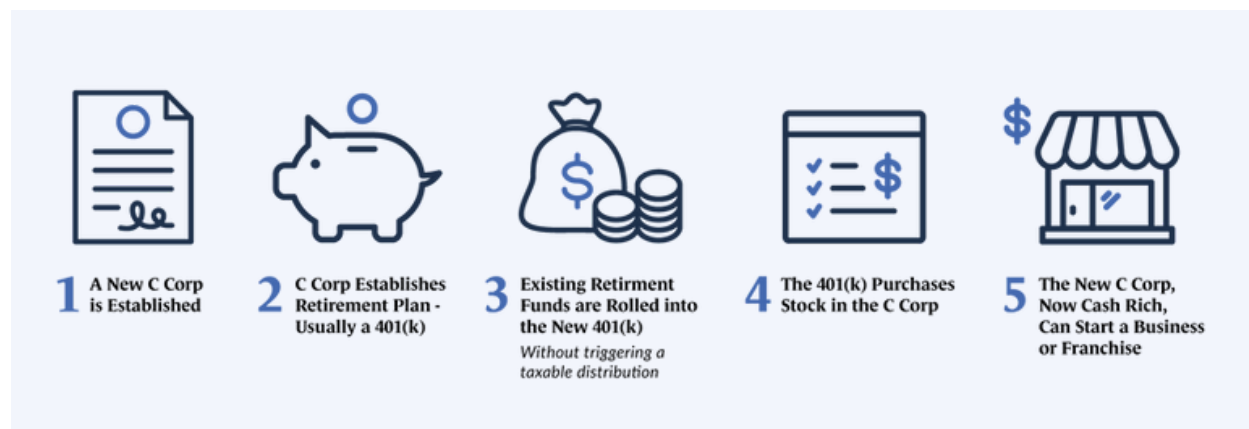
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1 Reviewing Rollovers as Business Startups

401(k) business financing, also known as Rollovers as Business Start-ups (ROBS), is a small business or franchise financing method that allows you to use retirement funds to start or buy a business without tax penalties or an early withdrawal fee. It's an ideal option for those who have \$50,000 or more in a 401(k), IRA, or other eligible retirement account and don't want to go into debt to start or buy a small business.

The ROBS structure consists of multiple elements, which we've distilled into five basic steps:





Watch the Video to Learn More

Click here to watch a short video about using ROBSs.

How ROBS Works

1. Create a New C Corporation

First, create a C Corporation. Because the ROBS arrangement hinges on the sale of Qualified Employer Securities, the business you start/buy must operate as a C Corporation. A C Corporation has the ability to sell stock. Other entity types, like LLCs and S Corporations, cannot issue QES stock.

2. Set up a 401(k) Plan for Your C Corp

Next, your new corporation adopts a qualified retirement plan, usually a 401(k). This plan will hold your rollover funds and later purchase company stock. You'll work with a custodian (for example, ePlan, American Funds, etc.) to hold and manage the plan's assets..

3. Roll eligible funds into the new retirement plan

You then roll funds from eligible retirement accounts (such as former-employer 401(k)s, 403(b)s or traditional IRAs) into the new company plan. When handled correctly, this is a non-taxable rollover—not a distribution—so you avoid early withdrawal penalties and current income tax on those dollars.

4. The company plan buys stock in the C Corp

Once the funds have arrived in the plan, the plan uses that money to buy stock in your C Corporation through a QES transaction. The plan becomes a shareholder in your company, and the corporation receives the cash it needs to operate.

5. Use the funds to operate your business

Your corporation now has capital to purchase or start the business and cover operating expenses. You work full-time in the business, and your retirement plan owns company stock alongside you. When properly structured and maintained, this allows you to invest retirement dollars in your own business without taxes, penalties, or new loan payments.

Frequently Asked Questions about ROBS

1. Where did ROBS come from? How long has this program been around?

ROBS has been around for decades. It was made possible when Congress wanted to give American workers another option for growing their retirement assets, among other reasons. The changed Congress enacted allows a 401(k) retirement plan to invest in Qualified Employer Securities (QES), which then allows an individual to fund a business.

2. Is using my 401(k) to fund a business a tax loophole?

No. The Employee Retirement Income Security Act (ERISA) works in conjunction with sections of the Internal Revenue Code to make ROBS a perfectly legal, IRS-acknowledged way to use your retirement funds.

3. What types of businesses can I fund with ROBS?

You can start a business from scratch, purchase an existing business, or open a new or existing franchise location. ROBS generally can't be used for businesses that are legal only at the state level but not federally, or for businesses that are purely passive investments (for example, simply loaning out your retirement funds).

4. What is the max employee deferral contribution I can make to my new 401(k) plan?

The maximum annual contribution in 2026 is \$24,500, though this fluctuates year to year. If you're over 50, you're allowed an additional \$8,000 "catch-up" contribution.

5. Is ROBS legal?

Yes, ROBS is perfectly legal. Check out [Chapter 1](#) of our Complete Guide to ROBS (linked below) for a deep dive into the structure and history of ROBS.

6. Can I pay myself a salary?

Yes! In fact, it's encouraged: when you earn a salary, you're able to commit a percentage of that salary back to your retirement fund. Keep in mind that your salary should fall within 'reasonable bounds.' For example, if your company's annual revenue is \$100,000, a salary of \$200k likely falls outside of 'reasonable.'

For an even more in-depth explanation of ROBS, check out our [Complete Guide to Rollovers as Business Startups!](#)

“Guidant Financial made a complex financial process easy to understand and followed up with a step-by-step checklist and excellent communication.”

— Jack S.

2 Why Work with Guidant?

Guidant Financial is a small-business and franchise financing company. Since 2003, we've helped over 35,000 people get the money they needed to start or buy a business. ROBS is complex, and our role is to help lower your legal and tax risk, simplify the process, and stay with you after funding so you're not managing this structure alone.



Lifetime Audit Protection

Guidant's Lifetime Audit Protection is simpler and vastly more robust than any other in the industry — giving you peace of mind. In the unlikely event of an Internal Revenue Service (IRS) or Department of Labor (DOL) audit of the corporation's retirement plan. If the IRS or DOL audits your plan, we hire and pay qualified tax and ERISA counsel to represent you—so you're not facing it, or funding it, alone.

Thanks to our conservative structures and multiple compliance checks, less than one percent of our clients have ever been audited, and no Guidant client has ever lost. That's the kind of protection that helps safeguard your business long term.



In-House Legal Team

At Guidant, we're the only ROBS provider to have in-house attorneys who ensure our clients' transactions are fully compliant. They also frequently monitor any legislative or regulatory changes from the IRS and DOL. This adds an additional layer of compliance. At Guidant, we're always looking out for the best interests of our clients.



Industry Leading Expertise & Compliance

Guidant is known as the conservative choice in ROBS, and that's by design. We structure your C-corp, 401(k) plan, and ownership in ways that prioritize long-term compliance, not shortcuts. With 20+ years of experience, we deliver industry-leading compliance with full audit protection and ERISA-attorney access, giving you peace of mind that your plan is accurate and protected from IRS issues so you can focus on growth.



Profit-Sharing 401(k) Plan

Guidant's experienced team of pension record-keepers allows you to take advantage of all the potential a profit-sharing 401k plan offers. These are some of the most flexible retirement plans for your business. You can tailor them with profit-sharing, matching, vesting, employee contributions, loan provisions, and more. You don't need to know every detail upfront—we can adjust the design over time as part of our administration. How you use the plan depends mainly on tax advantages and how employees value it as a benefit. Because profit-sharing, matching, or even neither can be right in different situations, it's important to have a professional guide you. At Guidant, we help ensure your plan works hard for both the business and you.



Plan Administration In-House

Guidant's back-end Plan Administration service is in-house, not outsourced. Most of our competitors claim to offer in-house services, but most don't. Our team is trained specifically on ROBS plans and integrates with our legal and valuation teams to keep your plan aligned and up to date. In-house administration means fewer hand-offs, fewer surprises, and a lower chance of missed filings or penalties. You get one accountable partner focused on keeping your plan as "bulletproof" as possible.



Referral Program

We know people will ask how you funded your business. When you refer someone who successfully funds with Guidant, we thank you with a full year of plan administration at no charge - a savings of \$1,788 to \$2,148, depending on your plan. It's our way of rewarding you for sharing your story and for trusting us as your long-term partner.



Annual Valuation

Most companies in this niche space will require you to go out and obtain (pay for) an annual valuation of your business each year. That can add an additional \$1,000 to \$3,000 in costs each year for your business! **Guidant has dedicated Certified Valuation Analysts on staff - and as part of our monthly plan administration fee, we include that business valuation each year** (see sample Statement of Value [here](#).)



One-Stop Shop

Not many places offer Not many providers can truly support you beyond funding. Guidant offers a coordinated suite of small-business services—Payroll, Bookkeeping & Tax, 401(k) administration, Business Valuations, and HR—designed to work together for ROBS-funded businesses. Our fully digital, integrated experience helps lighten your administrative load so you can focus on running and growing the business you dreamed about, instead of chasing paperwork.



3 One-Time Setup Fee - Starting at \$5,495

ROBS is a powerful but complex strategy. Your one-time setup fee covers expert design and implementation of your ROBS Plan so you can turn retirement savings into business ownership with less risk, fewer handoffs, and a clean, compliant structure from day one.

Your setup fee includes:

- Business entity setup – Formation and registrations for your C corporation so it's structured correctly from the start.
- 401(k) plan design & setup – A retirement plan tailored for ROBS compliance so your transaction follows IRS and ERISA rules.
- Bank account setup help – Assistance opening the dedicated 401(k) account and business bank account to receive and deploy funds.
- Stock purchase plan – Proper share-issuance mechanics and documentation for a clean, audit-ready capitalization.
- Funding support – Guided steps to move money from your rollover into the plan and then into your business bank account without delays.
- Corporation & plan documents package – All critical corporate, plan, and transaction documents organized in a single digital file for easy reference.
- Initial rollover coverage for up to three owners – Built for single owners, partnerships, and multi-owner launches.
- Premier ROBS online tax strategy course (coming 2026) – On-demand training to help you master the tax side of your new ROBS-funded business.

How this connects to your ROBS plan

Your setup fee establishes the structure; your monthly ROBS plan keeps it compliant over time and activates lifetime audit protection that covers qualified attorney fees if the IRS ever audits your plan. Required third-party costs—such as the ERISA bond and custodian fees—are billed separately, and your specialist will walk you through all costs up front so there are no surprises.

In order to manage the funds you're contributing to your 401(k) plan each year, you'll need to work with an investment management custodian like Charles Schwab or Merrill Lynch.

Clients who use [In-Network IM Providers](#) are not charged per plan participant and the \$500 Guidant setup fee is waived, which can save you hundreds annually. You can expect to pay \$500 to \$1,000 per year depending on the amount of money in your plan, how many times per year you move those funds and the company you work with.

4 Monthly Plan Admin Fee - Starting at \$149

Setting up your ROBS structure is just the first step: each 401(k) plan must be appropriately administered on an ongoing basis to ensure it remains protected and in compliance with the IRS and DOL. This is why we've designed an all-inclusive 401(k) plan administration package to support your plan management with industry-leading service and expertise.

So what does this actually mean? Your plan is required to file an IRS Form 5500 each year (this is different from filing your personal or business taxes) and pass a round of 'plan testing.'

Here's how it works: you provide us required information about your business and employees through our online Client Portal. Guidant performs all plan testing and prepares all of the IRS and DOL forms your plan needs to file. Guidant lets you know your form(s) are ready to file, then you follow our step-by-step instructions to file online (Legally, we aren't allowed to file for you, but we're here to help make sure it's easy!).

It's not a simple process, which is why it's important to work with a company that's experienced in supporting the administration of your plan. Our monthly plan administration fee includes:

Ongoing 401(k) Plan Protection and Compliance



Lifetime Audit Protection

An audit of the 401(k) plan is rare, and Guidant has the lowest audit rate in the industry. However, in the event that your 401(k) plan is audited by the IRS or DOL, we pay for legal representation through the full audit cycle, potentially saving you thousands of dollars. You can think of this like car insurance: we should all have it even though we hope to never need it!



Compliance Review

After the preparation of your Form 5500 and annual report, information is reviewed by our in-house compliance team. Guidant will also cover up to one hour of paid time annually with outside legal counsel related to compliance and operation of the 401(k) plan.



Required Amendments

The 401(k) plan that Guidant establishes is a prototype plan, which allows you to avoid personally establishing a plan with the IRS. We also provide ongoing updates to your 401(k) plan, as required by the IRS and DOL, including required plan restatements — an otherwise expensive cost that is included in the monthly fee.

Please note that additional costs may apply for certain requests when outside of the normal plan year-end timing (e.g. plan amendments, contribution calculations, and processing loans or distributions.)

401(k) Plan Testing, Forms, and Additional Services

You have unlimited access to our team of retirement plan experts including certified plan administrators. In addition, we perform all required 401(k) plan testing, prepare IRS and DOL forms, and provide ongoing services, including:

Annual Services to You and Your Company's 401(k) Plan

- Preparation of IRS Form 5500: Report of Employee Benefit Plan
- Preparation of 401(k) plan Summary Annual Report (SAR), detailing plan activity and compliance recommendations and requirements
- Statement of Value and comprehensive industry report
- 401(k) plan testing, including: elective deferrals test, annual additions test, actual deferral percentage (ADP) test, actual contribution percentage (ACP) test, minimum coverage test and top-heavy test.
- Calculation of excess distributions required to correct any testing failures

Annual Services to You and Your Company's 401(k) Plan

- Preparation of IRS Form 945 and calculation of federal income tax withholding
- Preparation of IRS Form 1099-R
- Preparation of IRS Form 5330
- Preparation of reasonable cause letters
- Elective 401(k) plan amendments
- Creation of 401(k) participant loan documents





5 Discount Opportunities

We understand that every dollar counts for franchise and small business owners. That's why we offer a variety of options to discount your monthly fee:



Early Return Discount - Starting at \$149 /year

When you get your business document back to us early, it makes our jobs easier. Get a full month of administration services free when you get your documents to us three months before your document return deadline. You'll also have the added bonus of being at the front of the line for document review, which means you'll get your Form 5500 back quicker and your filing done faster!



Client Referral Program - Up to \$2,148 in Annual Savings

We know people will ask how you funded your business. When you refer someone who successfully funds with Guidant, we thank you with a full year of plan administration at no charge - a savings of up to \$2,148, depending on your plan.


It's our way of rewarding you for sharing your story and for trusting us as your long-term partner.

6 More Resources

We know that you've taken in a lot of information recently. Check out our Learning Center at GuidantFinancial.com/learning-center to browse our library of resources and continuing education at your own pace. A few things you might find immediately interesting:

- [Video Overview of Rollovers for Business Start-ups](#)
- [The Complete Guide to ROBS: Rollovers for Business Start-ups](#)
- [What Our Client Say About Us](#)

We appreciate your interest in working with Guidant Financial and look forward to seeing you succeed in your small business dreams!



"The ROBS program put the dream of financing our business within reach. However, it was only a dream without Guidant Financial. Only with Guidant did our dream become our reality."

— Jon L.



Guidant offers accounting and tax services designed specifically to address the ROBS structure and 401(k) plan details. If you're interested in learning more, **give us a call at 888-472-4455 or visit guidantfinancial.com.**