

# I'M SELF-EMPLOYED, HOW MUCH CAN I CONTRIBUTE TO A RETIREMENT PLAN?

Date: April 1, 2026



## INTRODUCTION

Compensation for a self-employed individual (sole proprietor or partner) is that person's earned income.\* The starting point to determine the individual's earned income is the net profit amount from the Schedule C (or Schedule K-1 for a partnership). Use this calculator to determine your maximum contribution amount for the different types of small business retirement plans, such as Individual(k), SIMPLE IRA or SEP-IRA. The SIMPLE IRA calculation is based on plans with 25 or fewer employees.

\*Earned Income = Net Profit - 1/2 of Self-Employment Tax - Contribution

## SUMMARY OF INPUT

Type of business	Sole Prop/Partner
Contribution tax year	2025
Current age	73
Net profit from Form 1040-Schedule C (or W-2 income if corporation)	\$457,694

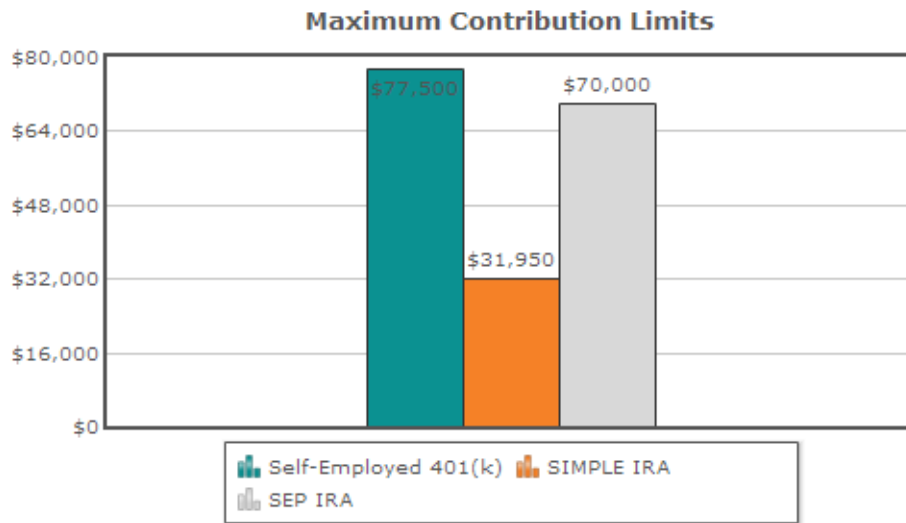
## ANALYSIS

### Determine Amount of Contribution

Type of business	Sole Prop/Partner
Tax year	2025
1. Determine the Amount of Self-employment Tax	
A) Enter net business profit (from Schedule C, C-EZ, or K-1)	\$457,694
B) Multiply amount in Line A by .9235	\$422,680
C) Enter 12.4% (Social Security) of Line B, but not more than \$21,836	\$21,836
D) Enter 2.9% (Medicare) of Line B	\$12,258
E) Add Lines C and D for your total self-employment tax	\$34,094
2. Determine Adjusted Net Business Profit	
F) Divide Line E by 2 for your self-employment tax deduction	\$17,047
G) Subtract Line F from Line A	\$440,647
3. Contribution Factor and Adjusted Earned Income	
H) Maximum contribution percentage	25.00%
I) Add 1.00 to H to determine contribution factor	1.25
J) Divide Line G by Line I to determine Adjusted Earned Income (not to exceed \$350,000)	\$350,000
4. Determine Maximum Profit Sharing Contribution for 401(k) and SEP	
K) For corporations, multiply Line G by Line H. Others multiply Line J by Line H (not to exceed \$70,000)	\$70,000
5. Determine Maximum Self-Employed 401(k) Contribution	
L) Enter maximum employee 401(k) contribution available	\$23,500
M) Add Line K and Line L	\$93,500
N) Choose the lesser of Line M and \$70,000	\$70,000
O) Enter maximum 401(k) catchup, if applicable	\$7,500
P) Add Line N and Line O to determine the Maximum Self-Employed 401(k) Contribution	\$77,500
6. Determine Maximum SEP Contribution	
Q) Maximum SEP Contribution is equal to the Maximum Profit-Sharing Contribution (not to exceed \$70,000)	\$70,000
7. Determine Maximum SIMPLE IRA Contribution	
R) Enter maximum SIMPLE IRA deferral	\$17,600
S) Enter maximum SIMPLE IRA catchup, if available	\$3,850

This information may help you analyze your financial needs. It is based on information and assumptions provided by you regarding your goals, expectations and financial situation. The calculations do not infer that the company assumes any fiduciary duties. The calculations provided should not be construed as financial, legal or tax advice. In addition, such information should not be relied upon as the only source of information. This information is supplied from sources we believe to be reliable but we cannot guarantee its accuracy. Hypothetical illustrations may provide historical or current performance information. Past performance does not guarantee nor indicate future results.

T) Add Line R and Line S for total employee SIMPLE IRA contribution	\$21,450
U) Determine maximum SIMPLE IRA matching contribution (lesser of Line T and 3.0% of Line B)	\$10,500
V) Add Line T and Line U to determine the Maximum Simple IRA Contribution	\$31,950




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