

# SELF-EMPLOYED RETIREMENT PLAN MAXIMUM CONTRIBUTION CALCULATOR

Date: April 23, 2025



## 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 401(k), SIMPLE IRA or SEP-IRA.

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

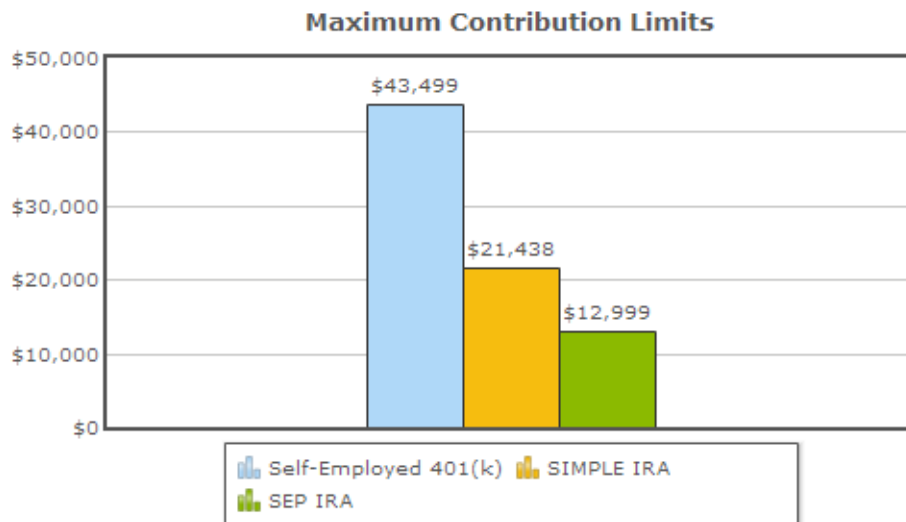
## SUMMARY OF INPUT

Type of business	Sole Prop/Partner
Contribution tax year	2024
Current age	50
Net profit from Form 1040-Schedule C (or W-2 income if corporation)	\$69,936

## ANALYSIS

### Determine Amount of Contribution

Type of business	Sole Prop/Partner
Tax year	2024
1. Determine the Amount of Self-employment Tax	
A) Enter net business profit (from Schedule C, C-EZ, or K-1)	\$69,936
B) Multiply amount in Line A by .9235	\$64,586
C) Enter 12.4% (Social Security) of Line B, but not more than \$20,906	\$8,009
D) Enter 2.9% (Medicare) of Line B	\$1,873
E) Add Lines C and D for your total self-employment tax	\$9,882
2. Determine Adjusted Net Business Profit	
F) Divide Line E by 2 for your self-employment tax deduction	\$4,941
G) Subtract Line F from Line A	\$64,995
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 \$345,000)	\$51,996
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 \$69,000)	\$12,999
5. Determine Maximum Self-Employed 401(k) Contribution	
L) Enter maximum employee 401(k) contribution available	\$23,000
M) Add Line K and Line L	\$35,999
N) Choose the lesser of Line M and \$69,000	\$35,999
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	\$43,499
6. Determine Maximum SEP Contribution	
Q) Maximum SEP Contribution is equal to the Maximum Profit-Sharing Contribution (not to exceed \$69,000)	\$12,999
7. Determine Maximum SIMPLE IRA Contribution	
R) Enter maximum SIMPLE IRA deferral	\$16,000
S) Multiply Line B by 3.0% (the maximum SIMPLE IRA matching contribution)	\$1,938
T) Add Line R and Line S	\$17,938
U) Enter maximum SIMPLE IRA catchup, if available	\$3,500
V) Add Line T and Line U to determine the Maximum Simple IRA Contribution	\$21,438



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