

# SELF-EMPLOYED RETIREMENT PLAN MAXIMUM CONTRIBUTION CALCULATOR

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

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

## SUMMARY OF INPUT

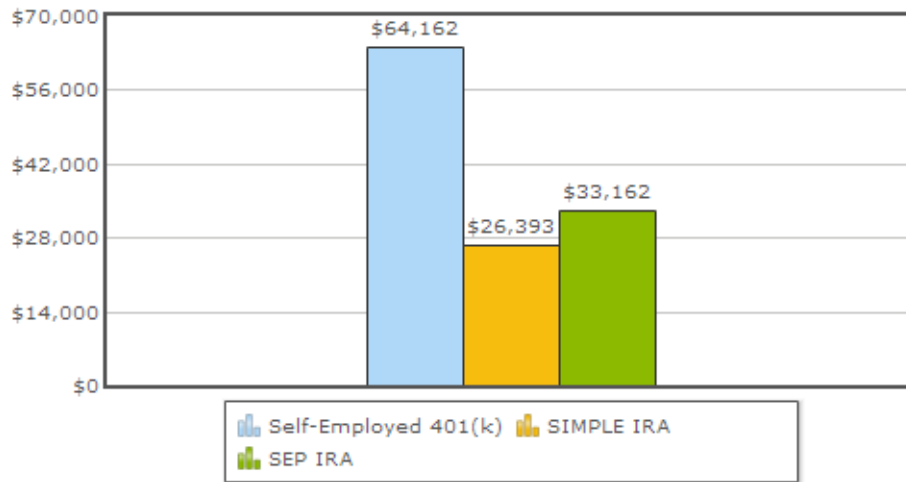
Type of business	Sole Prop/Partner
Contribution tax year	2025
Current age	54
Net profit from Form 1040-Schedule C (or W-2 income if corporation)	\$178,412

## ANALYSIS

### Determine Amount of Contribution

	Sole Prop/Partner
Type of business	2025
Tax year	2025
1. Determine the Amount of Self-employment Tax	
A) Enter net business profit (from Schedule C, C-EZ, or K-1)	\$178,412
B) Multiply amount in Line A by .9235	\$164,763
C) Enter 12.4% (Social Security) of Line B, but not more than \$21,836	\$20,431
D) Enter 2.9% (Medicare) of Line B	\$4,778
E) Add Lines C and D for your total self-employment tax	\$25,209
2. Determine Adjusted Net Business Profit	
F) Divide Line E by 2 for your self-employment tax deduction	\$12,604
G) Subtract Line F from Line A	\$165,808
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)	\$132,646
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)	\$33,162
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	\$56,662
N) Choose the lesser of Line M and \$70,000	\$56,662
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	\$64,162
6. Determine Maximum SEP Contribution	
Q) Maximum SEP Contribution is equal to the Maximum Profit-Sharing Contribution (not to exceed \$70,000)	\$33,162
7. Determine Maximum SIMPLE IRA Contribution	
R) Enter maximum SIMPLE IRA deferral	\$17,600
S) Enter maximum SIMPLE IRA catchup, if available	\$3,850
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)	\$4,943
V) Add Line T and Line U to determine the Maximum Simple IRA Contribution	\$26,393

### Maximum Contribution Limits



No bank guarantee • Not a deposit • Not FDIC/NCUA insured  
May lose value • Not insured by any federal government agency

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