

Self Employment Retirement Solutions

Being self-employed has so many benefits, such as flexibility and autonomy, but it comes with drawbacks as well. A big drawback is extra taxes: Self-employed people have to pay twice as much in Social Security and Medicare taxes as employees do, in addition to their regular income tax, and money isn't withheld from your paychecks.

The good news is there are four retirement plans for the self-employed that can help ease the strain by reducing your taxable income while putting money away for retirement.

What Plans are available for Self Employed?

- Solo 401(k)
- Simplified Employee Pension (SEP IRA)
- Savings Incentive Match Plan for Employees (SIMPLE IRA)
- Profit Sharing

Features of the Solo 401(k)

- **Best for:** Self-employed individuals and partnerships without full-time employees (other than a spouse or business partner).
- **Employee Contributions:** When contributing as the employee, the contribution limit for tax year 2019 is up to \$19,000 in elective deferrals, or \$25,000 for ages 50 and up.
- **Employer Contributions:** For tax year 2019 is 25% of compensation. Total contributions (employee + employer) cannot exceed \$56,000 below age 50 and \$62,000 for ages 50 and up.

Features of the Profit Sharing Plan

- **Best For:** Self-employed individuals and small business owners with up to 100 employees
- **Employee Contribution Limits:** Not applicable
- **Employer Contribution Limits:** Lesser of 25% of compensation or \$56,000 for 2019

Features of the Simplified Employee Pension (SEP IRA)

- **Best For:** Self-employed individuals and small business owners
- **Employee Contributions:** Not applicable
- **Employer Contributions:** Lesser of 25% of compensation or \$56,000 for 2019 Employer is not locked into making contributions each year and can decide whether and how much to contribute to employees accounts (note: if employers do contribute, must contribute for all participants who are eligible for plan)

Features of the Savings Incentive Match Plan for Employees (SIMPLE IRA)

- **Best For:** Small business owners with up to 100 employees
- **Employee Contribution Limits:** Up to \$13,000 in salary deferrals (\$16,000 for those 50+) for 2019
- **Employer Contribution Limits:** Match employee contributions up to 3% (can reduce to 1% in any two out of five years) OR contribute 2% of employee's compensation (even if employee is not making deferral contributions)

CAPITAL



G R O U P

Address

Capital CS Group 15375 Barranca Pkwy, Ste G-110
Irvine, CA 92618

844-390-2797

info@capitalcsgroup.com

Provided as information only and should not be considered investment, tax or legal advice or a recommendation to buy or sell any type of investments. Form ADV contains important information and may be viewed at: adviserinfo.sec.gov

capitalcsgroup.com