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Self-Employed Retirement Savings Breakdown

Build a stronger future for your business and the people who power it.

Your Needs Are Not Like Everyone Else's

As a self-employed individual, planning for your retirement takes a few extra moments of thought and planning without a company sponsored 401k as an option. Nevertheless, there are many retirement saving vehicles out there that are available to you.

SEP IRA (Simplified Employee Pension)

The SEP IRA is a version of a traditional IRA that offers similar tax benefits, but with much higher contribution limits.

In 2025, self-employed individuals may contribute up to 25% of their adjusted net earnings, up to a maximum of $70,000.00. For 2026, we see an increase to $72,000. Often, your CPA can aid in relaying this figure for you. If it is a moving target, ask your CPA a safe monthly amount we could start contributing to the IRA. Then, prior to the end of the year, we'll connect with them to calculate the additional funds, if any, that you could contribute to max out the SEP IRA.

They are very easy to open, and the contributions are tax deductible. You can also still utilize other IRA options while contributing to a SEP IRA. SEP IRAs work best for self-employed individuals who do not plan on having employees in the future and who want to maximize their retirement contributions.

Health Savings Account (HSA)

An HSA is a tax-exempt account you set up with a qualified trustee (a bank) to pay or reimburse certain medical expenses you incur. Once the account gets to a reasonable balance, you are able to invest the dollars, just as you would an IRA. If your spouse has access to health insurance coverage, we should review if they already have an HSA that you can be utilizing as a family. For 2026, individuals can contribute $4,400.00 and families can contribute $8,750.00

In order to qualify for an HSA, you must meet the following criteria:

- You are covered under a high deductible health plan (HDHP), on the first day of the month, such as a deductible of $3,300 for family or $1,650 for self-coverage.
- You have no other health coverage.
- You are not enrolled in Medicare.
- You cannot be claimed as a dependent on someone else's tax return.

Roth IRA

Different from step one, the Roth IRA is taxed NOW when you invest your money. Later down the road, when you pull the money out in retirement, you do not pay any taxes since you already did that.

The Roth IRA is a great option for people in a lower tax bracket today or think taxes will be higher at their retirement.

Alternatively, people who might be looking at retiring early, as you have access at 59 ½ without a penalty. The contribution limit is $7,500. The Income limit for single tax filers is $153,000 or less and the limit for married, filing jointly is $252,000.

If you are currently making more than the specified amounts listed above, you are likely unable to contribute to a Roth IRA at this time.

Taxable Brokerage

A brokerage account is a fancy name for a regular investment account. While this account does not have as good as tax

advantages as the previous accounts, it is still a great tool to begin putting your dollars to work instead of gathering dust in a low interest savings account.

Additionally, if you have prior 401k/403b/457 plans, roll those into your new SEP IRA to ensure professional management of the dollars.