

SEP IRA CONTRIBUTION WORKSHEET

If you are self-employed or own your own unincorporated business, simply move step by step through this worksheet to calculate your SEP IRA contribution. You will need to have your income tax forms nearby (particularly Form 1040 and Schedule C, Schedule C-EZ, or Schedule K-1). **Remember that the amount you can contribute annually is limited by the IRS, and you must contribute the same percentage of compensation for all eligible employees as you contribute for yourself.** This worksheet will assist you with calculating your contribution and can help you stay within the IRS limitations. This tool is intended to serve as a guide only, and you should consult your tax advisor for further assistance.

	2024 EXAMPLE	YOURSELF
Step 1. Net Business Profits (From Schedule C, C-EZ, or K-1)	1. \$50,000	_____
Step 2. Deduction for Self-Employment Tax (From IRS Form 1040)	2. \$3,532	_____
Step 3. Adjusted Net Business Profits (Subtract Line 2 from Line 1)	3. \$46,468	_____
Step 4. Contribution Percentage (expressed as a decimal) (Desired contribution as a percentage of earned income, 0%–25%, which can vary each year)	4. 0.25	_____
Step 5. Contribution Factor (Add 1.00 to Line 4)	5. 1.25	_____
Step 6. Adjusted Earned Income (Divide Line 3 by Line 5)	6. \$37,174	_____
Step 7. Maximum Earned Income (Enter \$330,000 for 2023, or \$345,000 for 2024)	7. \$345,000	_____
Step 8. Final Earned Income (The Lesser of Line 6 and Line 7)	8. \$37,174	_____
Step 9. Contribution Amount (Multiply Line 4 by Line 8)	9. \$9,294	_____

Here are some additional guidelines for calculating your SEP IRA contribution:

Your Contribution Amount

- You may contribute as much as 25% of compensation per participant, up to \$66,000 for 2023 and \$69,000 for 2024, to a Fidelity SEP IRA. The maximum compensation limit is \$330,000 for 2023 and \$345,000 for 2024. You should verify your contribution amount with your tax advisor.

Calculating Contributions for Employees

- A common-law employee is an employee who works for a self-employed person, a partnership, or a corporation, but who has no financial interest in the employer's trade, business, or profession. To calculate contributions for common-law employees, simply multiply the same percentage of compensation you are contributing for yourself by each employee's wages, as shown on their W-2.

Calculating Your Contribution if You Are Self-Employed

- Individuals with self-employed income must base their contributions on "earned income." For self-employed individuals, earned income refers to net business profits derived from the business, reduced by a deduction of one-half of your self-employment tax, less your SEP IRA contribution.