



American Reliance Financial

Zero Debt, Minimal Taxes, Maximum Income

Simplified Employee Pension Plan

A **Simplified Employee Pension Individual Retirement Account (SEP-IRA)** is a powerful retirement savings option for:

- Self-employed individuals
- Small business owners
Freelancers and independent contractors

You can **grow retirement savings fast**—often **up to 10x more than a traditional or Roth IRA**.

Who Can Open One?

Anyone with **earned self-employment income** and **no employees** can open a SEP-IRA.

Contribution Limits

For 2024:

- **Up to 25% of compensation**, or **\$69,000 max** (whichever is less)
- **If self-employed**, you're generally capped at **20% of net income**
- **Comp limit:** \$345,000 (2024), \$350,000 (2025)
- **2025 max:** \$70,000

SEP-IRA vs. Traditional & Roth IRAs

Feature	SEP-IRA	Traditional IRA	Roth IRA
Max Contribution (2025)	\$70,000	\$7,000 / \$8,000 (50+)	\$7,000 / \$8,000 (50+)
Income Limit	None (unless Roth SEP option)	Deductibility may phase out	Contribution phases out
Tax-Free Growth	✓	✓ (tax-deferred)	✓ (tax-free)
Tax-Free Withdrawals	✗	✗	✓ (after 59½ and 5 yrs)
Required Minimum Distributions (RMDs)	✓ (starting at age 73)	✓	✗

SEP-IRA is like a retirement **booster shot** for the self-employed.



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Roth SEP Option?

The **SECURE 2.0 Act** allows Roth contributions for SEP-IRAs, but **Vanguard doesn't currently offer Roth SEP features**. For tax-free retirement growth, consider:

- **Supplementing with a Roth IRA**
- Or using a **DF4L wealth-building account** with tax-free compounding

Individual Limitations

SEP-IRAs **do not allow salary deferrals**.

But you *can* make traditional IRA contributions to a SEP-IRA:

- **\$7,000 (under 50)**
 - **\$8,000 (50+)** for 2025
- Still counts toward your total IRA limit

