



SEP CHECKLIST

Every year it's important that you review the requirements for operating your Simplified Employee Pension (SEP) plan. Use this checklist to help you keep your plan in compliance with many of the important rules. Check the box if you can answer "yes" to the question. For additional information (including examples) on how to find, fix and avoid each mistake, click on "More →."

Has your SEP been amended for current law?

Laws related to retirement plans change quite frequently. You'll need to change plan language and operation to keep the plan within the law. [More →](#)

Is the business that the SEP covers the only business you own?

Employees of other businesses you or your family members own may have to be treated as employees when determining who is an eligible employee under this SEP. [More →](#)

Are all eligible employees participating in the SEP?

Any employee who is at least 21 years of age, was employed by you for 3 of the immediately preceding 5 years, and received compensation from you of at least \$650 during the year is eligible to participate in the SEP. [More →](#)

Are you determining each eligible employee's compensation using the definition in your SEP document?

Compensation used to determine contributions generally includes all bonuses and commissions and is limited to \$290,000 for 2021. [More →](#)

Are contributions to each participant's SEP-IRA a uniform percentage of the participant's compensation?

Employer contributions to a SEP must be the same percentage of compensation for each participant maintaining a SEP-IRA in the plan. [More →](#)

Are SEP contributions to each participant's IRA limited as required by the Internal Revenue Code?

All SEP contributions must go to traditional IRAs set up for the eligible employees and are limited to the lesser of 25% of compensation or \$58,000 for 2021. [More →](#)

If you didn't check all boxes, you may have a mistake in the operation of your plan. This list is only a guide to a more compliant plan, so checking all boxes may not mean your plan is 100% compliant. This list doesn't contain all plan requirements and shouldn't be used as a substitute for a complete plan review. Learn how to correct mistakes without penalty and without notifying the IRS at www.irs.gov/fixmyplan. Don't send this checklist to the IRS.

See www.irs.gov/retirement and click "Types of Retirement Plans" for Fix-It Guides and other resources for SEP and other plan types.

■ Contact your tax advisor

■ www.irs.gov/retirement

■ Call the IRS at 877-829-5500