

Sample article for organizations to use to reach customers (word count 317)

Customize and provide the following article in your communication vehicles for self-employed individuals..

Self-Employed? You can still join a retirement plan!

Did you know that self-employed individuals have many of the same options to save for retirement on a tax-deferred basis as employees participating in company plans?

Here are examples of amounts you can save by using the following types of retirement plans (dollar figures are for 2011 and are subject to [annual cost-of-living adjustments](#)):

- **Savings Incentive Match Plan for Employees (SIMPLE IRA Plan)**

Contribute your net earnings from self-employment up to:

- \$11,500 (plus an additional \$2,500 if you're 50 or older) in salary reduction contributions; and
- either a
 - fixed contribution of 2% of your net earnings from self-employment, or
 - matching contribution equal to your salary reduction contributions up to 3% of your net earnings from self-employment.

- **Simplified Employee Pension (SEP) Plan**

Contribute as much as 25% of your net earnings from self-employment (not including contributions for yourself), up to \$49,000.

- **One-Participant 401(k) plan**

- Make salary deferrals up to \$16,500 (plus an additional \$5,500 if you're 50 or older) of your compensation from the business either on a pre-tax basis or as a designated Roth contribution; and
- contribute up to an additional 25% of your net earnings from self-employment (not including contributions for yourself), up to \$49,000 including salary deferrals.

- **Profit-sharing plan**

You can decide how much to contribute on an annual basis, up to 25% of compensation (not including contributions for yourself) or \$49,000.

- **Money purchase plan**

Contribute a fixed percentage of your income every year, up to 25% of compensation (not including contributions for yourself), according to a formula stated in the plan.

- **Defined Benefit Plans**

Contributions are calculated by an actuary based on the benefit you set and other factors (your age, expected returns on plan investments, etc); maximum annual benefit can be up to \$195,000.

Generally, you can save more for your retirement in a plan than in an individual retirement arrangement.

NOTE TO EDITOR: Below are helpful resources on retirement topics on [IRS.gov](#).

- [Types of Plans](#) – information on how to establish and operate different types of retirement plans.
- [Publication 560](#), *Retirement Plans for Small Business (SEP, SIMPLE, and Qualified Plans)* – explains rules for retirement plans for small business owners, including self-employed people.
- [IRA Resources](#) – Information on IRAs including annual contribution and deduction limits.
- [Publication 590](#), *Individual Retirement Arrangements (IRAs)* – explains different types of IRAs, tax on distributions and more.