

# WHAT IS A SEP IRA?

A Simplified Employee Pension (SEP) plan allows any employer, including self-employed individuals, to make pre-tax contributions to a SEP IRA.

There is no income phase-out and the employer contribution is deductible on the business's tax return.

## WHO CONTRIBUTES?

The employer makes 100% of the contributions.

## WHICH OF MY EMPLOYEES ARE ELIGIBLE?

Employees must be included in the SEP plan if they have:

- attained age 21
- worked for your business in at least 3 of the last 5 years
- received at least \$650 in 2021 and 2022; \$600 in compensation (in 2016 - 2020).

\*Can have less restrictive eligibility rules.

## ANNUAL CONTRIBUTION AMOUNT?

Cannot exceed the lesser of:  
25% of compensation or \$61,000 for 2022

## HOW MUCH DOES THE EMPLOYER CONTRIBUTE?

An employer can contribute any % of salary (keeping in mind the annual contribution amount) but MUST contribute the same % of salary to all employees.