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Great Benefits From Self-Employed Retirement Plans

Over the past one or two years, many companies all over the world have shed millions of jobs, impacting on the economy. Others settled on self employment since the competition for landing a job has become harder. As well as that, self-employed retirement plans has additionally started to become a trend for many people. One of the advantages of self employment is that you're your own boss and there are no subordinates to pull you down. You earn exactly what you worked for without the trouble of being under someone else.

One of the commonest self-employed retirement plans include solo 401k plans. It's the newest among the most commonly used pension funds. If you are younger than the age of 50, the contribution limit is \$16,500 and \$22,000 for those aged 50 or over. The tax benefits are better compared against Sep because the contributions that you will make are not constrained to a certain proportion of your pay. Another great handle 401 (k) plans is that you can contribute 20% of your takings as an additional contribution.

Another option for retirement funds is the straightforward IRA retirement plan. IRA stands for individual retirement account. \$5,000 is the maximum contribution for those aged under 50, and \$6,000 for those aged 50 and over. It's best that neither you nor your other half (if you have one) is covered by another retirement fund such as 401 (k) to avoid restrictions in tax deductions and other contrary issues.

SEP IRA plans or simplified worker annuity IRA is an upgraded version of the simple IRA, where you can contribute from 20 p.c of your net earnings up to up to \$49,000. Nowadays , the Sep IRA is the commonest sort of retirement plan being employed by self-employed people. This type of plan doesn't need a compulsory contribution. For one year, you may choose to contribute the total amount or half or any desired amount for the succeeding year. One of the benefits of utilising the Sep IRA is it is really easy to open an account and maintain it. The cut-off point for paying for your account is the same as the cut-off point for filing your tax returns which makes it convenient for all users. A drawback for this though is that loans aren't authorized.

With the Roth IRA retirement plan, there's no income tax reduction and the expansion of your investment is tax free. It's the precise opposite of a normal IRA plan where contributions have a tax deduction and the money you take out in retirement is taxed.

Other self employed retirement plans that are way more dear and difficult to maintain include the Defined benefit plan. The annual funding necessities are terribly rigid although loans are allowed in this kind of retirement fund. The yearly contributions for this type of account can reach up to \$100,000 or more, depending on the age and the average salary of the owner. For detailed info about the assorted retirement plans for self-employed people, there are many web sites that allow you to use free retirement planning tools to get you moving. Click here : [why plan for retirement](#) and [senior citizen health](#) for more information.