EGPS
A BLUE RIDGE COMPANY

SEP VS. SOLO 401(k) PLANS

Solo 401(k) plans can provide larger contributions to proprietors or sole S-Corporation shareholders at income levels of approximately $300,000 of Schedule C income or $288,000 of W-2 wages, based on the 2026 annual additions limit of $72,000 and applicable employer contribution formulas.

Self-Employment Compensation						
Schedule C Profit	$50,000	$75,000	$150,000	$200,000	$275,000	$360,278
Less SE Tax Deduction	($3,532)	($5,299)	($10,597)	($14,117)	($15,121)	($16,263)
Net Earnings for Contribution	**$46,468**	**$69,701**	**$139,403**	**$185,883**	**$259,879**	**$344,015**
W-2 Wages for Incorporated Business						
W-2 Income	$37,172	$55,760	$111,520	$148,704	$207,900	$275,212
SEP Plan						
Maximum SEP Contribution	$9,293	$13,940	$27,880	$37,176	$51,975	$68,803
Solo 401(k)						
401(k) Deferral	$24,500	$24,500	$24,500	$24,500	$24,500	$24,500
Profit Sharing Contribution	$9,293	$13,940	$27,880	$37,176	$47,500	$47,500
TOTAL if Less than Age 50	**$33,793**	**$38,440**	**$52,380**	**$61,676**	**$72,000**	**$72,000**
Plus Catch-up if Age 50+	$8,000	$8,000	$8,000	$8,000	$8,000	$8,000
TOTAL if Age 50+	**$41,793**	**$46,440**	**$60,380**	**$69,676**	**$80,000**	**$80,000**
Plus Super Catch-up if Age 60-63	$11,250	$11,250	$11,250	$11,250	$11,250	$11,250
TOTAL if Age 60-63	**$53,043**	**$57,690**	**$71,630**	**$80,926**	**$91,250**	**$91,250**

Solo 401(k) Advantage < 50	$24,500	$24,500	$24,500	$24,500	$20,025	$3,197
Solo 401(k) Advantage 50+	$32,500	$32,500	$32,500	$32,500	$28,025	$11,197

A Solo 401(k) permits salary deferral contributions, as well as catch-up contributions for those over 50, in addition to the 25% contribution.