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Working for yourself? You can still save for retirement —here are 2 ways to get started



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When you're your own boss, [saving for retirement](#) can easily fall to the bottom of the to-do list — especially when there aren't pre-existing plans in place to opt into like you would have at a big company.

But even if you're self-employed, you still have plenty of ways to [plan for retirement](#), says Kashif Ahmed, a certified financial planner and president of American Private Wealth in Bedford, Massachusetts.

"You don't have to say, 'oh my God my life sucks because I don't work at IBM or Microsoft, and my friend does,'" Ahmed says. "You can get the exact same tax benefits," from setting up your own retirement accounts.

Here are two options to consider.



1. SEP IRA

For those who are self-employed, or small business owners with a few employees, Ahmed says a simplified employee pension individual retirement account can be a great place to start because the account is relatively easy to set up with a financial institution and has low administrative requirements.

"The benefit of the SEP is you fill out an [Internal Revenue Service] form, that's it, and you're up and running," Ahmed says.

With a [SEP IRA](#), contributions are tax-deductible, and investments grow tax-deferred while in the account. All withdrawals are considered taxable income, and withdrawals before age 59½ may also incur a 10% penalty.

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compensation limits do apply to this calculation. For self-employed individuals, the

SEP IRA 25% contribution limit is based on **net earnings** from self-employment, which is your business income minus expenses and half of your self-employment tax.

Only employers can make contributions, and contributions are always 100% vested. This differs from some employer-sponsored plans, like 401(k)s, where you may need to work for the company for a certain period of time before employer-contributed funds fully belong to you.

If you employ more than yourself, you must contribute the same percentage of salary into all eligible employees' accounts.

2. Solo 401(k)

Another tax-advantaged account you can open if you're self-employed with no employees is a one-participant 401(k), often called a solo 401(k) or individual 401(k). 

A solo 401(k) may even be easier to administer than a SEP IRA because you don't need to calculate a contribution limit, says Malcolm Ethridge, a CFP, CNBC on-air contributor and Managing Partner at Capital Area Planning Group in Washington, D.C.

"From a younger person's perspective — especially younger people who tend to have less complexity and prefer a do-it-yourself type model — the solo 401(k) presents the ability to literally do the whole thing themselves via an online brokerage," Ethridge says.

Like a SEP IRA, a traditional **solo 401(k)** offers a tax deduction on contributions and tax-deferred growth on investments. Alternatively, you can also open a Roth solo 401(k), which is funded with contributions you've already paid taxes on and offers tax-free withdrawals in retirement or certain other qualified instances.

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50 or older.

As the employer, you can also use profits from your business to match up to 25% of your compensation as an additional contribution. The total contribution from you, as an employee, and your business, as an employer, is limited to \$70,000 in 2025 and \$72,000 in 2026.

Once your Solo 401(k) balance reaches \$250,000, the IRS requires you to file an annual form that reports your plan's assets, contributions and basic plan information. You're also responsible for keeping your plan documents up to date if the IRS issues any amendments.

There are no hacks, just start saving

Whether you choose a SEP IRA, a solo 401(k) or another type of retirement account, the most important step is simply opening an investment account, Ahmed says. 

Too many people waste time on trying to figure out which option offers the biggest tax break or the perfect "hack" for growing their money, he says. The key is to start investing so you benefit from the compound growth that can happen over time.

"Here's a hack: Just do it," Ahmed says. "Financial security is absolutely possible. It's all about discipline."

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