

# Re/Max Realtors

## Business Taxes and Self-Employed Retirement Planning

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# Who are we?

- Fraternal Organization
- Non-Fee Based advisors
- Formed in 1883
- Started by actual Woodmen (Lumberjacks)
- Nearly 800,000 Members
- No National Marketing Campaigns
- 501(c)(8)– Not-For-Profit
- ***90 Million Net Income***, BUT ***52 Million*** returned into the communities in which we work in 2017.



# Today's Topics

- **Self Employment Taxes**
- **Retirement Planning Basics**



# Self-Employed Taxes

- FICA taxes are paid equally by employer and employee. 1099 – you are both. Which means you are responsible for all Social Security tax of 12.4% and Medicare tax of 2.9%. (15.3% total)
- Social Security is only assessed on your first \$127,200
- Medicare continues for all amounts + anything over \$200,000 (Single Filers) or \$250,000 (Married Filing Jointly) you pay an extra .9%



# Self-Employed Taxes cont.

How do you calculate for self-employment taxes?

Simply multiply your income X 92.35% (.9235) = net income.

\$130,000 x .9235 = \$120,055 – which is less than the social security max. so you owe \$18,368 in self employment tax.

(employer portion is deductible on tax return)



# Retirement Planning Basics

- Why and the cost of waiting
- How to plan
- Basic Individual Retirement Accounts



# Why you Plan

- **Creatures of Habit**
  - Routine makes automation
- **Tackling it early**
  - When made apart of your budget, automation follows
- The **COST** in the long run outweighs the **NOW**  
**expense**



# Retirement Account Basics

- **Tax Diversification: Know your Tax situation!**
  - **Current Year Tax Breaks V. Tax-Free Retirement**



# How to Plan

- **Decide on the correct IRA for you**
  - Tax consideration
- **Decide on the contribution schedule**
  - Based on your income stream

**Set a goal, take steps to it (even baby ones), and start  
NOW.**



# Contribution Schedules

- **Fixed Dollar Amount: Set amount every month**
  - Great for salary employees with consistency to their income
- **Fixed Percentage Amount: Set amount every month**
  - Great for commission employees with inconsistency to their income



# Contribution Schedules

Current Age (Retirement Age)	Retirement Funds (Starting with \$0)	Percentage to Save
25 (65/30 Years)	\$2.5 Million	10.1%
35 (65/30 Years)	\$2 Million	12.2%
45 (65/25 Years)	\$1.75 Million	14.7%
55 (65/20 Years)	\$1.25 Million	17.3%



# Retirement Account Basics

- Tax-Qualified Accounts: **401(k), Traditional IRA, SEP-IRA, Solo K**
  - Pre-Tax contributions (current year deductible), taxed in retirement
- Non-Tax Qualified Accounts: **Roth IRA, Roth Variations**
  - Post-Tax contributions (taxed now), NOT taxed in retirement





# Self-Employed Retirement Accounts

## ➤ SEP IRAs (Simplified Employee Pensions):

- Need an EIN and/or required to complete a schedule C on your Income taxes to qualify for a SEP
- Tax Deductible (from your business) contributions
- Tax-deferred growth

## ➤ SIMPLE IRAs:

- Same as a SEP for qualifications
- Allows for “401(k)” like contributions by Employers and Employees





# Employment Qualifications

## ➤ SEP IRAs (Simplified Employee Pensions):

- 21 Years of Age
- Employed for the Previous 3 tax years
- Max Contribution is the lesser of 25% Annual Salary or \$52,000

## ➤ SIMPLE IRAs:

- Received at least \$5,000 in the last two years
- Non-employee match: Employer contribution of (up to) 2% of annual salary
- Employee match: up to 3% Employer match of employee contributions



# Self-Employed VS. Individual Retirement Accounts



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## ➤ SEPs/SIMPLEs:

- Allow you to deduct your retirement contributions from the business
- Allows for you to contribute for employees

## ➤ Roths and Traditional:

- Easier to max out
- Additional vehicle to use outside of SEPs and SIMPLEs

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# Questions???

