

THE FIDELITY SELF-EMPLOYED 401(K) CONTRIBUTION WORKSHEET FOR UNINCORPORATED BUSINESSES

Calculating Your Maximum Plan Year Contribution

If you are self-employed, the worksheet on the other side of this page may help you to calculate your retirement plan contributions.* However, you are strongly advised to consult a tax advisor or accountant when calculating your contribution amounts. You may also refer to IRS Publication 560 for further information.

A Fidelity retirement representative is available at **800-544-5373** to answer questions regarding your retirement plan.

To begin:

- Have your income tax forms nearby (particularly Form 1040 and either Schedule C, Schedule C-EZ, or Schedule K-1). They contain the necessary information to complete your worksheet.

Step 1: Using Schedule SE (Form 1040), calculate your self-employment tax deduction. This form is available online at <http://www.irs.gov/pub/irs-pdf/f1040sse.pdf>.

Step 2: Calculate your maximum contributions.

- You may make a maximum salary deferral contribution of up to 100% of compensation, not to exceed \$19,000 for 2019 and \$19,500 for 2020.
- If you are age 50 or older (in the calendar year for which you are making the contribution) you may be able to defer an additional \$6,000 for 2019 and \$6,500 for 2020, referred to as a catch-up contribution.
- Your maximum annual deductible contribution for profit sharing is 25% of compensation up to a total of \$56,000 for 2019 and \$57,000 for 2020. The maximum compensation on which contributions can be based is \$280,000 for 2019 and \$285,000 for 2020. For self-employed individuals, compensation means earned income.
- Total profit sharing and salary deferral contributions may not exceed \$56,000 for 2019 and \$57,000 for 2020 (\$62,000 if age 50 or older in 2019 and \$63,500 for 2020).

* If you have more than one source of income or participate in another salary deferral plan, this calculation will not be accurate. You are advised to consult with your tax advisor or accountant.

Calculate your maximum contributions

	2020 Example	Yourself
Part I – Calculate Your Adjusted Net Business Profits		
1. Business Net Profits (From Schedule C, C-EZ, or K-1)	1. \$ <u>100,000</u>	_____
2. Self-Employment Tax Deduction (From IRS Form 1040 Schedule SE)	2. \$ <u>7,065</u>	_____
3. Adjusted Net Business Profits (Subtract Line 2 from Line 1)	3. \$ <u>92,935</u>	_____
Part II – Calculate Your Maximum Salary Deferral¹		
4. Annual Salary Deferral Limit (Enter \$19,500 for 2020)	4. \$ <u>19,500</u>	_____
5. Maximum Salary Deferral Amount (The lesser of Line 4 and Line 3)	5. \$ <u>19,500</u>	_____
6. Adjusted Net Business Profits after Salary Deferral (Subtract Line 5 from Line 3) <i>If the result is zero, stop here. The result on Line 5 is the maximum contribution you can make to your plan.</i>	6. \$ <u>73,435</u>	_____
Part III – Calculate Your Maximum Profit Sharing Contribution		
7. Calculation A: Divide Line 6 by 2.00	7. \$ <u>36,717</u>	_____
8. Calculation B: Multiply Line 3 by .20	8. \$ <u>18,587</u>	_____
9. Calculation C: Subtract Line 5 from \$57,000 for 2020	9. \$ <u>37,500</u>	_____
10. Maximum Profit Sharing Contribution (Enter the lesser of Lines 7, 8 or 9)	10. \$ <u>18,587</u>	_____
Part IV – If Age 50 or Older by Applicable Year-End,² Calculate Your Maximum Catch-Up Salary Deferral		
11. Annual Catch-Up Salary Deferral Limit (If age 50 or older by applicable year-end) (Enter \$6,500)	11. \$ <u>6,500</u>	_____
12. Adjusted Net Business Profits after Salary Deferral and Profit Sharing Contribution (Subtract Line 10 from Line 6)	12. \$ <u>54,848</u>	_____
13. Maximum Catch-Up Salary Deferral Amount (Enter the lesser of Line 11 or Line 12)	13. \$ <u>6,500</u>	_____
Part V – Calculate Your Maximum Contribution Amount		
14. Maximum Contribution Amount	14.	
a. If you are under age 50, add Lines 5 and 10	\$ <u>38,087</u>	_____
b. If you are age 50 or older by applicable year-end, add Lines 5, 10 and 13	\$ <u>44,587</u>	_____

¹ Your salary deferral amount must be in accordance with your 401(k) Salary Reduction Agreement election made prior to your plan year-end.

² If you are age 50 or older, or will turn age 50 during the calendar year for which you are making the contribution, you may be able to make an additional contribution up to the limits outlined on this worksheet.