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The Tax Blotter is a round-up of recent taxation news.

A Simplified Employee Pension (SEP) is often an ideal way for small business owners like self-employed individuals to build up retirement savings while deducting the contributions.

**Take your time.** Do you want to set up a SEP for your small business? Such a plan generally operates like an IRA where contributions can grow without any current tax until withdrawals are made. For 2022, the contribution limit is the lesser of 25% of your compensation or \$61,000 (\$67,500 if you're age 50 or older). Unlike IRA contributions, which must be made by April 15 of the following year, you still have until October 17, 2022 to set up and contribute to a SEP for 2021.

**Earn your income.** If you're self-employed, you must have self-employment income to benefit from a SEP. In a new case, the taxpayer was an engineer who wasn't

earning anything from his business. So he took a full-time job with the government

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you've sold the business. Key exception: You don't have to take RMDs if you're still working full-time as long as you don't own 5% or more of the company.

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