The insurance agent's Q4 calendar — the four deadlines that cost money when missed

Commission income doesn't arrive on a schedule but the tax deadlines do. The Q4 calendar for an independent agent or agency owner, the five numbers to pull before December 31, and the two retirement-plan deadlines that cannot be fixed in April.

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Who this is for

An independent agent, producer or agency owner who is paid on commission — by carriers, through an agency, or both — and who files as a sole proprietor, a single-member LLC or an S-corp. It assumes you do your own record-keeping or someone part-time does it, and that nobody has sat down with you and put the year-end dates on one page.

If you are a W-2 employee of an agency and commissions are simply part of your pay, most of this does not apply to you. The entity section and the retirement deadlines still do.

Why commission income breaks the normal calendar

A salary is predictable, so withholding is roughly right every month and April is a settling-up exercise. Commission income does the opposite:

- It arrives unevenly. A strong October can be followed by a refund-heavy January when chargebacks land.
- Nothing is withheld. There is no employer quietly sending your money to the IRS, so every payment you receive is gross until you set something aside.
- It is reported by someone else, later. Carriers issue their own forms on their own timeline, and their number is the one the IRS sees.

The result is a specific, common failure: a good December produces a tax bill in April that the agent did not reserve for, because the money felt like it was already theirs. The deadlines below exist to prevent exactly that.

The Q4 calendar

Date	What happens	Why agents miss it
December 31	A **solo 401(k) must be established** if you want to make employee deferrals for this tax year	The plan has to exist by year end. It cannot be opened in April and funded backwards for deferrals.
December 31	Last day to put equipment in service if you want it to be this year's deduction	A laptop, a vehicle, a desk bought in January belongs to next year.
December 31	Last day to run payroll if you want an S-corp election to matter for this year	See the entity section — this is the expensive one.
January 15	**Q4 estimated tax payment is due**	The most-missed date for commission-only income, every year.

January 31	Carriers issue **1099-NEC**	Reconcile before you file, not after a notice arrives.
April 15	A **SEP-IRA can still be opened and funded** for the prior year	This is the one retirement option with a back-dated setup.

The two retirement dates are the ones people conflate, and the difference costs a year of deduction. **A solo 401(k) must exist by December 31. A SEP-IRA can be created as late as your filing deadline, including extensions.** If you have opened neither and December is running out, the SEP-IRA is your fallback — but you have to know that now, not in April.

The five numbers to pull before December 31

Not a full reconciliation. Five figures that let you make the December decisions with real numbers instead of a guess.

1. Total commission received, by carrier. Not by month — by carrier. Carriers report annually, and you should know your number before theirs arrives. If they disagree, you want the disagreement in January, not in an audit.

2. Chargebacks and lapses. Commissions clawed back are not income. If your bookkeeping recorded the gross and never reversed the chargeback, your income is overstated, your tax is overstated, and — worse — you have been paying estimated tax on money you returned. This is the single most common bookkeeping error in a commission business.

3. First-year versus renewal split. Renewals are the part of the book that behaves like an annuity; first-year commissions behave like a sales spike. They are taxed the same way, but they are not worth the same to a buyer, a lender or your own planning. Know the split before anyone asks you for it.

4. Everything you paid to sell. Errors and omissions premiums, state licensing and continuing education, CRM and quoting software, lead purchases, mileage between appointments, the home office. These are legitimate costs of the business, and they are the ones most often left off because they were paid personally and never entered anywhere.

5. Whether you are paid as an individual or through an entity. This decides which return gets filed, whether self-employment tax applies to the whole amount, and whether the entity section below is even relevant to you.

The entity question, without the folklore

The pitch you will hear: incorporate, elect S-corp status, stop paying self-employment tax on the full commission. The mechanism is real — an S-corp pays you a salary and the remainder is a distribution not subject to self-employment tax.

What the pitch usually leaves out:

You have to pay yourself a reasonable salary, and you have to actually run payroll. Reasonable compensation means what you would pay someone else to do your job. Not the minimum, not the maximum — a defensible number. The IRS has challenged this repeatedly, and the penalty is the employment tax you avoided plus interest.

Payroll must be running before year end for the election to help this year. If you incorporated in September and never ran a paycheck, you are still taxed the way you were. An S-corp with no wages and all distributions is the exact fact pattern that draws attention.

The threshold where it pays is higher than people think. Payroll costs money — filing, deposits, software, and your own time. Below a certain level of net commission, the S-corp saves less than it costs. Run the two numbers side by side with your actual income, not a rule of thumb from a Facebook group.

Deciding in December is possible. Deciding in March is not. Which is the whole reason this page exists.

Estimated taxes, and the safe-harbor idea

The penalty for underpaying estimates is not a fine for being wrong about the future — it is a charge for not paying enough as you went. There is a defence, and it is mechanical rather than persuasive: pay in at least the safe-harbor percentage of last year's total tax, and the underpayment penalty does not apply regardless of how much you actually earned this year.

That matters most in the year your income jumps. If this year is much better than last, paying last year's number in four installments is usually the cheapest way to stay out of the penalty while you keep the difference until April.

It also means the Q4 payment is not about guessing your final number. It is about hitting a threshold you can look up.

What to do this week

Five things, in order, none of which take an afternoon:

1. **Pull the carrier statements you already have** and total them per carrier. You are not reconciling yet — just establishing the number.
2. **List every chargeback you ate this year.** If they are not in your books, that is the first correction.
3. **Decide the retirement question now.** Solo 401(k) by December 31, or SEP-IRA by the filing deadline. Write the decision down.
4. **If you are considering an S-corp**, price payroll before you elect. An election you cannot service is worse than no election.
5. **Set the January 15 payment aside** as a separate transfer, not a mental note.

What this page does not do

It is not tax advice, and it does not know your numbers. It tells you which dates are real, which decisions have to be made before December 31, and which of them cannot be undone afterwards. Where a rule depends on your circumstances — reasonable compensation, the QBI deduction on agency income, whether a state has its own estimated-payment schedule — the answer turns on facts this page cannot see.

If you want the reconciliation done properly, that is what we do.

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