

A self-employed financial review for irregular earnings

Prepared October 2026 | General information, not personal advice

Self-employed planning needs to distinguish turnover, personal earnings, business commitments and household spending. Build accessible reserves before choosing long-term saving, and check how protection defines income. Flexible contributions can help manage variable profits but do not remove pension restrictions. Use accounts and forecasts rather than one unusually strong month.

Important risks

Where money is invested, its value and income can fall as well as rise and you may get back less than you invest. No return or retirement outcome is guaranteed.

Cover depends on policy terms, eligibility, exclusions and underwriting. Not every illness or inability to work results in a payment. Do not cancel existing cover before any appropriate replacement is confirmed and effective.

Tax treatment depends on individual circumstances and may change in the future. A general example does not establish your relief, allowance or tax liability.

General information only, not personalised financial, tax or legal advice. Suitability and available relief depend on your circumstances. Obtain appropriate advice before acting on a product, transfer or legal arrangement.

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Before you begin

Organise the review around the order in which money is needed. Tax and operating liabilities come before declaring a surplus for investment, while the household needs a separate resilience plan. An inability to work can affect both streams at once. Compare contribution flexibility and protection wording using actual earnings evidence. Different business structures need different tax advice; this

guide is not a standard contribution or insurance formula.

Terms in plain English

Deferred period

The waiting period before an eligible income-protection claim starts paying. It is not a guarantee that a claim will be accepted.

Defined contribution pension

An individual pot whose value depends on contributions, charges and investment results. The pot does not itself guarantee lifetime income.

I am self-employed and have no workplace pension. Where do I start?

Use several months of business and household figures to distinguish recurring essentials from variable spending. Set aside money for tax and interruptions before committing funds that cannot readily be withdrawn. Compare a sustainable regular contribution with occasional top-ups after profits are clearer. The plan should also explain how pension saving would continue if illness interrupted work.

Decision boundary: Locking away money needed for taxes or essential spending can create cash-flow pressure. Ask the adviser: What contribution remains affordable in a weaker trading year?

Sources: G02, M09, M08

How should a self-employed person assess income protection?

Use accounts and tax records to understand sustainable earnings rather than selecting cover from turnover. Check the insurer's evidence requirements at application and claim. Separate personal bills from expenses needed to keep the business running. An occupation involving manual work also needs a clear explanation of the incapacity definition and any relevant exclusions.

Decision boundary: Claim payments may be limited by the policy's earnings definition and evidence. Ask the adviser: Which earnings figure would the insurer use at claim, and what evidence would I need?

Sources: M06, M08

Does my income-protection policy cover my own occupation?

Ask the adviser to explain the exact contractual test in plain language using the duties of your real job. Check whether the definition changes after a period on claim and whether partial return to work affects payments. Manual work, professional roles and self-employment can require different questions. Do not assume every insurer uses the same wording.

Decision boundary: A less suitable incapacity definition may not respond when you cannot do your existing job. Ask the adviser: What must I be unable to do for this contract to pay, and can that test change?

Sources: M06, M08

How can I save for retirement when business profits vary?

Use a multi-period cash-flow forecast rather than the current bank balance. Separate money held for tax, suppliers and contingencies from surplus available for long-term saving. Review contributions after accounts or forecasts improve, checking personal and employer rules as applicable. Define when contributions would pause or change so flexibility is planned rather than improvised during difficulty.

Decision boundary: Overcommitting after strong trading can leave later tax and operating bills underfunded. Ask the adviser: Which contributions remain affordable after tax and a realistic fall in profit?

Sources: G01, G02, M09

How much business cash should I reserve for tax before investing?

Prepare a liabilities calendar covering the taxes relevant to the business structure. Compare expected receipts with tax, supplier and payroll commitments, keeping uncertainty visible. Review the reserve when profits or distributions change. The adviser and accountant have different responsibilities: the investment discussion should begin with a verified available amount, not substitute for a tax calculation.

Decision boundary: Investing an unconfirmed surplus can leave the business unable to meet tax or operating obligations. Ask the adviser: Which liabilities fall due, and has the accountant confirmed the genuinely available surplus?

Sources: G28, G31, M09

Your preparation checklist

- Separate tax and business reserves from household emergency money.
- Use accounts to check the insurer's eligible-income definition.
- Test a weaker trading period and a period of incapacity.
- Identify when pension payments could reasonably change.

Next steps

The useful output is a cash-flow and responsibility map, not a product bundle. Ask the accountant to confirm liabilities and the adviser to assess the appropriate personal arrangements. Any calculator used here is illustrative and cannot replace those assessments.

General information only, not personalised financial, tax or legal advice. Suitability and available relief depend on your circumstances. Obtain appropriate advice before acting on a product, transfer or legal arrangement.

Sources and further reading

G02: HMRC / GOV.UK - Tax on your private pension contributions

<https://www.gov.uk/tax-on-your-private-pension/tax-relief>

Retrieved 2026-10-02. Source publication date not stated; retrieval is not a publication date.

M09: MoneyHelper / Money and Pensions Service - Emergency savings - how much is enough?

<https://www.moneyhelper.org.uk/en/savings/types-of-savings/emergency-savings-how-much-is-enough>

Retrieved 2026-10-02. Source publication date not stated; retrieval is not a publication date.

M08: MoneyHelper / Money and Pensions Service - Personal insurance when you're self-employed

<https://www.moneyhelper.org.uk/en/work/self-employment/personal-insurance-when-self-employed>

Retrieved 2026-10-02. Source publication date not stated; retrieval is not a publication date.

M06: MoneyHelper / Money and Pensions Service - What is income protection insurance?

<https://www.moneyhelper.org.uk/en/everyday-money/insurance/what-is-income-protection-insurance>

Retrieved 2026-10-02. Source publication date not stated; retrieval is not a publication date.

G01: HMRC / GOV.UK - Tax on your private pension contributions

<https://www.gov.uk/tax-on-your-private-pension/annual-allowance>

Retrieved 2026-10-02. Source publication date not stated; retrieval is not a publication date.

G28: HMRC / GOV.UK - Self Assessment tax returns

<https://www.gov.uk/self-assessment-tax-returns>

Retrieved 2026-10-02. Source publication date not stated; retrieval is not a publication date.

G31: HMRC / GOV.UK - Corporation Tax

<https://www.gov.uk/corporation-tax>

Retrieved 2026-10-02. Source publication date not stated; retrieval is not a publication date.

Discuss your questions

For a discussion of your circumstances, contact Castle Stonebridge on 01246 308249 or visit <https://castlestonebridge.co.uk>. Any personal recommendation requires an individual assessment.