5 Financial Gaps Most Realtors Leave Open

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Real estate is one of the few professions where you can have a strong year and still feel financially exposed.

Commission income is real income. But the protection, the retirement plan, the cash flow system underneath that income is entirely on you to build. Nobody sets it up for you. No employer handles it in the background. No HR department reminds you to enroll.

A lot of financial advice was written for someone with a salary, a 401k with a match, and employer benefits they never had to think about. That is not the situation many realtors are working with.

These are the five gaps that come up most often, and that many agents do not realize exist.

Gap 1: No Income Replacement If You Can't Work

If you cannot show homes, meet with clients, or host open houses, your income stops. There is no sick leave, no short-term disability from the brokerage, and no salary to carry you through a recovery.

For a salaried employee, a health event is painful but survivable. The paycheck continues, at least for a while. For a realtor, the income stops the day the work stops.

Disability is one of the most underestimated financial risks for independent contractors. For many agents, the exposure is significant and goes unaddressed. Many either have no disability coverage at all, or have a policy that was chosen without a clear understanding of what it actually covers and, more importantly, when it pays.

The question worth asking: *if you could not work for six months starting tomorrow, what is the plan?*

Gap 2: Life Insurance Anchored to the Wrong Number

Many realtors who have life insurance chose the coverage amount based on the mortgage. The thinking at the time was straightforward: if something happens to me, the house is paid off and my family has a place to live. That instinct makes sense. It is also usually where the gap begins.

The mortgage gets paid. Everything else does not. The income that was covering the bills, the childcare, the retirement contributions: all of that stops too. A family that has lost the primary earner and now has a paid-off house still has to figure out how to live in it.

For many agents, the gap between what the policy pays and what the family actually needs is significant. And because the coverage decision was made at closing and never revisited, many do not realize the gap exists until someone asks them to do the math.

A financial professional can help you think through what your income actually needs to replace, and for how long.

Gap 3: No Retirement Structure Built for Commission Income

A lot of agents have been meaning to figure out retirement savings for a while. The production years come. The money is there, or close enough. But the vehicle question never quite gets answered, so the money either sits in a savings account, gets reinvested into the business, or gets spent before the question comes back up again.

This is how years pass without meaningful retirement contributions, purely because the structure was never built.

When agents do have something in place, it is often the wrong vehicle for their situation. A SEP IRA, one of the most common options for self-employed professionals, limits contributions to 25% of net self-employment income. For an agent earning $80,000, that is a $20,000 maximum contribution.

A Solo 401k operates differently. It allows an employee deferral of up to $24,500 in 2026, regardless of what 25% of income would produce, plus an employer contribution on top of that up to a combined total of $72,000. For that same agent earning $80,000, the Solo 401k may allow a higher contribution than the SEP.

The difference compounds over time. The vehicle an agent uses in year three of their career is not a minor administrative detail. The years already spent in the wrong structure cannot be recovered.

Agents age 50 and older can contribute an additional $8,000 in catch-up contributions. Agents age 60 to 63 can contribute an additional $11,250 under enhanced catch-up rules introduced in 2026.

A Roth IRA remains a separate and complementary option, with a 2026 contribution limit of $7,500, subject to income phaseouts.

Contribution limits and plan eligibility depend on individual circumstances. Consult a qualified tax advisor regarding your specific situation.

1. Contribution figures sourced from IRS Notice 2025-67 and the Internal Revenue Code. Solo 401k employee deferral limit ($24,500): IRC Section 402(g)(1), as adjusted in Notice 2025-67. Total combined limit ($72,000): IRC Section 415(c)(1)(A), as adjusted in Notice 2025-67. Catch-up contribution age 50+ ($8,000): IRC Section 414(v)(2)(B)(i), as adjusted in Notice 2025-67. Enhanced catch-up contribution age 60-63 ($11,250): IRC Section 414(v)(2)(E)(i), as stated in Notice 2025-67. SEP IRA limit (25% of net self-employment income up to $72,000): IRC Section 408(k)(3)(C); $72,000 ceiling from Section 415(c)(1)(A) as adjusted in Notice 2025-67. Roth IRA contribution limit ($7,500): IRC Section 219(b)(5)(A), as adjusted in Notice 2025-67.

Gap 4: A Spouse or Partner Whose Picture Is Incomplete

When one person in a household earns commission income, the financial focus tends to stay there. Every conversation, every planning decision, every coverage question runs through the primary earner. The other person’s picture gets deferred.

Deferred is fine, until it is not.

Life insurance is the first front. A spouse who does not earn commission income may still qualify for coverage based on the primary earner’s eligibility. In many cases, coverage up to half of what the higher-earning spouse qualifies for is available, subject to underwriting approval and eligibility requirements. For households with children, that coverage is not a secondary consideration. It is part of the same foundation.

The window to address it at favorable rates and health status does not stay open indefinitely. That is the part that tends to get missed.

Retirement is the second. A spouse who is not building their own account is heavily reliant on one income stream to fund two retirements. Two properly funded accounts built consistently over time may produce a meaningfully different outcome than one, and the longer the deferral, the harder that gap is to close.

Gap 5: No System for What Happens to Commission Income Between Closings

A strong production year can feel like proof that everything is fine. The commissions were real. The income was there. And then the lean stretch comes, and the strong year starts to come apart.

This is not a production problem. Many agents who experience it were not doing anything wrong in the good months. The money came in and it went out, the way money does when there is no structure telling it where to go first.

A lot of financial planning was designed around income that arrives every two weeks and stays predictable. Commission income does not work that way. Without a system that routes money intentionally before it reaches a spending account, the default is to spend from strength and scramble from weakness. The feast-or-famine cycle is a cash flow structure problem. A deliberate system can address it, and the goal is making saving the default rather than the decision that gets made only when something is left over.

Where Do You Stand?

These five gaps come up regularly in first conversations with realtors who have not yet worked with an advisor who understands how commission income actually impacts a financial plan.

Each one is addressable. The starting point is knowing which ones are open in your specific situation.

If you want to see where you stand, I have a complementary planning tool, The Living Balance Sheet® (LBS), that covers protection, cash flow, and assets in about 10 minutes.

chiagentadvisors.com/lbs

To talk through your picture directly, grab a time here:

calendar.chiagentadvisors.com/30

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