

RESOURCES

# Comparing Retirement Plans

	<b>SIMPLE IRA</b>	<b>SEP IRA</b>	<b>SOLO 401(K)</b>	<b>401(K)</b>	<b>SAFE HARBOR 401(K)</b>	<b>PROFIT SHARING</b>	<b>CASH BALANCE</b>
<b>BASIC PLAN TYPE</b>	IRA based	IRA based	Defined Contribution	Defined Contribution	Defined Contribution	Defined Contribution	Defined Benefit
<b>WHO GENERALLY ADOPTS?</b>	Sole proprietorships, partnerships, limited liability companies and corporations with 100 or fewer employees	Sole proprietorships, partnerships, and small businesses	Sole proprietorships, partnerships, limited liability companies and corporations with no common-law employees	Corporations, partnerships, limited liability companies	Sole proprietorships, partnerships, limited liability companies and corporations	Sole proprietorships, partnerships, limited liability companies and corporations	Sole proprietorships, partnerships, limited liability companies, and corporation, but best-suited for smaller companies
<b>CAN EMPLOYER SPONSOR OTHER QUALIFIED RETIREMENT PLANS?</b>	No	Yes	Yes	Yes	Yes	Yes	Yes
<b>WHO CAN CONTRIBUTE?</b>	Employee and Employer	Employer	Employee Employer contributions are optional	Employee Employer contributions are optional	Employee and Employer	Employer	Employer
<b>COST INDEX</b>	\$	\$	\$ to \$\$	\$ to \$\$\$	\$ to \$\$	\$ to \$\$\$	\$ to \$\$\$
<b>COMPLEXITY INDEX</b>	Low	Low	Low	High	Medium	Medium	High
<b>EMPLOYEE ELIGIBILITY</b>	All employees earning \$5,000 for any past two years and is expected to do so in current year  No age limit permitted  May exclude union employees	Age requirement cannot exceed 21  Have earned compensation in three of the past five years  Received compensation of at least \$600  May exclude union employees	Age requirements cannot exceed 21  Service requirements can't exceed one year	Age requirement cannot exceed 21  Service requirement can't exceed one year  May exclude union employees	Age requirement cannot exceed 21  Service requirement can't exceed one year  May exclude union employees	Age requirement cannot exceed 21  Service requirement can't exceed two years (requires immediate vesting if exceeds one year)  May exclude union employees	Age requirement cannot exceed 21  Service requirement can't exceed two years (requires immediate vesting if exceeds one year)  May exclude union employees
<b>EMPLOYER CONTRIBUTIONS</b>	Required match of 100% up to 3% of employee's compensation (may be reduced to 1% in 2 of any 5 years)  OR  2% of compensation to all eligible employees	Discretionary  Cannot exceed the lesser of 25% of the employee's compensation or \$69,000 for 2024	Discretionary  Maximum tax-deductible employer contribution is 25% of eligible payroll  Overall maximum contribution per eligible employee is 100% of compensation not to exceed \$69,000 for 2024	Discretionary  Maximum tax-deductible employer contribution is 25% of eligible payroll  Overall maximum contribution per eligible employee is 100% of compensation not to exceed \$66,000 for 2023	Required match of 100% on the first 3% of employee deferral plus 50% on the next 2% of employee deferral  OR  3% of compensation to all eligible employees	Discretionary  Maximum tax-deductible employer contribution is 25% of eligible payroll  Overall maximum contribution per eligible employee is 100% of compensation not to exceed \$69,000 for 2024	Amount necessary to fund benefit as determined by an Enrolled Actuary
<b>MAXIMUM EMPLOYEE DEFERRAL CONTRIBUTION</b>	The lesser of \$16,000 for 2024 or 100% of compensation  Catch Up Contribution of \$3,500 for 2024 (age 50 and over)	N/A	The lesser of \$23,000 for 2024 or 100% of compensation  Catch Up Contribution of \$7,500 for 2024 (age 50 and over)	The lesser of \$23,000 for 2024 or 100% of compensation  Catch Up Contribution of \$7,500 for 2024 (age 50 and over)	The lesser of \$23,000 for 2024 or 100% of compensation  Catch Up Contribution of \$7,500 for 2024 (age 50 and over)	N/A	N/A

	<b>SIMPLE IRA</b>	<b>SEP IRA</b>	<b>SOLO 401(K)</b>	<b>401(K)</b>	<b>SAFE HARBOR 401(K)</b>	<b>PROFIT SHARING</b>	<b>CASH BALANCE</b>
<b>IRS REPORTING BY EMPLOYER</b>	None	None	Form 5500-EZ when plan assets reach \$250,000	Form 5500	Form 5500	Form 5500	Form 5500 (DOL and PBGC filings also required, unless exempt)
<b>ESTABLISHMENT DEADLINE</b>	Any date between Jan 1 and Oct 1  As soon as administratively feasible for businesses established after Oct 1st	Up to the due date of the company's tax return deadline, including extensions	Up to the due date of the company's tax return deadline, including extensions  Deferrals are not permitted prior to the establishment of the plan	Up to the due date of the company's tax return deadline, including extensions  Deferrals are not permitted prior to the establishment of the plan	Any date between Jan 1 and Oct 1  No later than 3 months prior to the end of the plan year	Up to the due date of the company's tax return deadline, including extensions	Up to the due date of the company's tax return deadline, including extensions
<b>LOANS?</b>	No	No	Yes <sup>1</sup>	Yes <sup>1</sup>	Yes <sup>1</sup>	Yes <sup>1</sup>	Yes, but rarely allowed
<b>ARE ROTH CONTRIBUTIONS ALLOWED?</b>	No	No	Yes <sup>1</sup>	Yes <sup>1</sup>	Yes <sup>1</sup>	N/A	N/A
<b>FUNDING DEADLINE</b>	Employee contributions must be deposited within 30 days after the end of the month in which the amounts would otherwise be payable to the employees in cash  Employer contributions must be deposited by the time the corporate tax return (with extensions) is filed for the tax year in which the deduction is being taken	Funded by the time the corporate tax return (with extensions) is filed for the tax year in which the deduction is being taken	<b>UNINCORPORATED BUSINESSES: Employer/ Employee:</b> Up to the due date of the company's tax return deadline, including extensions; employee deferral election must be in place no later than the last day of the current plan year  <b>INCORPORATED BUSINESSES: Employer:</b> Up to the due date of the company's tax return deadline, including extensions;  <b>Employee:</b> As soon as administratively possible	Employee contributions must be deposited as soon as administratively possible <sup>2</sup>  Employer contributions must be deposited by the time the corporate tax return (with extensions) is filed for the tax year in which the deduction is being taken	Employee contributions must be deposited as soon as administratively possible <sup>2</sup>  Employer contributions must be deposited by the time the corporate tax return (with extensions) is filed for the tax year in which the deduction is being taken	Contributions must be deposited by the time the corporate tax return (with extensions) is filed for the tax year in which the deduction is being taken	The due date of the company's tax return deadline, including extensions
<b>MINIMUM VESTING</b>	Immediate	Immediate	Immediate  Employer contributions can be subject to vesting schedule	Immediate on Employee Contributions  Employer contributions can be subject to vesting schedule	Immediate	Employer contributions can be subject to vesting schedule	Contributions can be subject to vesting schedule
<b>WHEN CAN WITHDRAWALS BE TAKEN</b>	Withdrawals can be taken at any time  Withdrawals taken prior to an employee reaching age 59½ and within the first two years of participation, may be subject to a 25% early withdrawal penalty  After two years, a 10% early withdrawal penalty may apply  Withdrawals are generally considered taxable income	Withdrawals can be taken at any time  Withdrawals taken prior to an employee reaching age 59½ may be subject to IRS penalties  Withdrawals are generally considered taxable income	Withdrawals can generally be made for the following reasons: • termination of employment • disability • death • retirement • hardship  If taken prior to an employee reaching age 59½ may be subject to a 10% penalty <sup>3</sup>  Withdrawals are generally considered taxable	Withdrawals can generally be made for the following reasons: • termination of employment • disability • death • retirement • hardship  If taken prior to an employee reaching age 59½ may be subject to a 10% penalty <sup>3</sup>  Withdrawals are generally considered taxable income	Withdrawals can generally be made for the following reasons: • termination of employment • disability • death • retirement • hardship  If taken prior to an employee reaching age 59½ may be subject to a 10% penalty <sup>3</sup>  Withdrawals are generally considered taxable	Withdrawals can generally be made for the following reasons: • termination of employment • disability • death • retirement • hardship  If taken prior to an employee reaching age 59½ may be subject to a 10% penalty <sup>3</sup>  Withdrawals are generally considered taxable	Payment of benefits after a specified event occurs, such as retirement, plan termination, etc

1. This is a design option that the plan may or may not permit.

2. Plans with fewer than 100 participants must deposit employee deferrals no later than seven business days after the date the amount is withheld.

3. There is an exception to this rule which allows an employee who retires during the calendar year in which they turn 55, or later, to withdraw without penalty.

**IMPORTANT NOTE:** This chart provides a high-level comparison of the features and benefits of the plans included and is not intended as a comprehensive or detailed review of each plan type. It is intended to be general in nature. As a result, exceptions to each plan feature can exist. Be sure to consult with a professional retirement planner or expert before you act on any information contained in this chart.