

# Retirement Plan Type Quick Reference Guide

Let us help you design a plan that best suits your client's unique needs



	SIMPLE-IRA	SEP-IRA	Solo 401(k)	401(k) Plan	Safe Harbor 401(k) Plan	Profit Sharing Plan	Cash Balance Plan
<b>Target or Typical Plan Sponsor</b>	All businesses with fewer than 100 employees.	All businesses.	All businesses with no common law employees.	All businesses, except governmental agencies.	All businesses, except governmental agencies.	All businesses, typically as an add on to a 401(k) plan.	All highly profitable businesses with consistent profit patterns.
<b>Advantages</b>	Provides pre-tax retirement savings and easy administration.  No tax filings required.  Roth contributions allowed.	No filing requirement.	Ability to contribute the maximum individual deferral plus 25% of eligible income.  No tax filings until assets reach \$250K.	Provides an effective tax tool and employee benefit with employer control.  Roth contributions allowed.	Great for small, family owned businesses who wish to avoid ADP/ACP and Top-Heavy discrimination tests.  Roth contributions allowed.	Often added to a 401(k) giving the sponsor the discretion to contribute a total of 25% of eligible plan compensation.  Contribution amounts can vary greatly among owners and eligible employees.	Allows owners who are 40+ to contribute much higher contributions per year.  Cash Balance plans are paired with 401k plans to achieve individual contribution levels in excess of \$400,000 per person.
<b>Funded By</b>	Employee and employer.	Employer.	Employee and employer.	Employee and employer.	Employee and employer.	Employer.	Employer.
<b>Eligibility Requirements</b>	Employees earning \$5,000 in two prior years.	May impose age 21 with any service in three out of five years.	Varies depending on situation.	May impose age 21 and 1 year of service with 1,000 hours.	May impose age 21 and 1 year of service with 1,000 hours.	May impose age 21 and 1 year of service with 1,000 hours.  2 years if 100% vesting.	May impose age 21 and 1 year of service with 1,000 hours.
<b>Maximum Annual Individual Contribution</b>	100% of compensation up to \$17,000 (indexed).  Additional \$4,000 in catch-up deferrals if age 50+ (indexed).	Not applicable.	100% of Income up to \$24,500 in employee deferrals (indexed). Additional \$8,000 in catch-up deferrals if age 50+ or \$11,250 if age 60-63 (indexed).	100% of compensation up to \$24,500 in employee deferrals (indexed). Additional \$8,000 in catch-up deferrals if age 50+ or \$11,250 if age 60-63 (indexed).	100% of compensation up to \$24,500 in employee deferrals (indexed). Additional \$8,000 in catch-up deferrals if age 50+ or \$11,250 if age 60-63 (indexed).	Not applicable.	Not applicable.
<b>Maximum Annual Employer Contribution</b>	Choice of two required contributions: <b>1.</b> Match 100% up to 3% of compensation. <b>OR</b> <b>2.</b> Contribution of 2% of compensation to all eligible employees.  The match can be reduced in 2 out of 5 years.  No additional employer contributions are allowed.	25% of eligible compensation not to exceed \$72,000 per employee (indexed).	25% of eligible employee compensation.  Individual eligible employee compensation is limited to \$360,000 (indexed).  Individual total contributions may not exceed \$72,000 / \$80,000 if catch-up eligible or \$83,250 if age 60-63 (indexed).	25% of eligible employee compensation (indexed).  Individual eligible employee compensation is limited to \$360,000 (indexed).  Individual total contributions may not exceed \$72,000 / \$80,000 if catch-up eligible or \$83,250 if age 60-63 (indexed).	Choice of one Safe Harbor Match formula or SH Non-Selective: <b>1(a).</b> Basic Match 100% up to 3% of compensation plus 50% of next 2% of compensation. <b>1(b).</b> Enhanced Match 100% up to 4% of compensation. (The enhanced match is easier to explain and setup on payroll). <b>OR</b> <b>2.</b> Contribution of 3% of compensation to all eligible employees.	Discretionary contributions up to 25% of eligible employee compensation.  Individual eligible employee compensation is limited to \$360,000 (indexed).  Individual total contributions may not exceed \$72,000 (indexed).	Contributions are MANDATORY and based on age and wage.  Owner contributions are often set at a percentage of income which may be adjusted every 3 to 5 years.  Wages are limited to \$360,000 (indexed).  Individual contribution levels in excess of \$400,000 per person depending on age and income.
<b>Vesting Schedule and Conditions</b>	100% immediate vesting.	100% immediate vesting.	100% immediate vesting.	Vesting schedule available.  Employer contributions may be subject to requirements such as 1,000 hours of service and/or employment on the last day of the plan year.	100% immediate vesting on all Safe Harbor contributions.  Additional discretionary employer contributions may be subject to a vesting schedule.	Vesting schedule available.  Contributions may be subject to requirements such as 1,000 hours of service and/or employment on the last day of the plan year.	Vesting schedule available.  Employer contributions are not subject to requirements in most cases in order to pass the discrimination tests when paired with a 401(k) plan.
<b>Discrimination Testing &amp; Govt. Reporting</b>	ADP - No Top Heavy - No Govt. Reporting - No	ADP/ACP - No Top Heavy - Yes Govt. Reporting - No	ADP/ACP - No Top Heavy - No Govt. Reporting if >\$250K	ADP/ACP - Yes Top Heavy - Yes Govt. Reporting - Yes	ADP/ACP - No Top Heavy - No Govt. Reporting - Yes	ADP/ACP - No Top Heavy - Yes Govt. Reporting - Yes	ADP/ACP - No Top Heavy - Yes Govt. Reporting - Yes
<b>Loans Available</b>	No	No	Yes	Yes	Yes	Yes	Yes
<b>When to Establish</b>	No later than October 1st.	Prior to tax filing deadline plus extension.	Prior to tax filing deadline plus extension.	Prior to tax filing deadline plus extension.	No later than 3 months prior to plan year end.	Prior to tax filing deadline plus extension.	Prior to tax filing deadline plus extension.