

Retirement Plan Comparison Chart

	Most Restrictive / Lowest Costs		Most Flexible / Higher Costs		
	IRA BASED <i>For new companies that need some type of plan in place</i>		DEFINED CONTRIBUTION <i>For established companies that can make higher consistent contributions</i>		DEFINED BENEFIT <i>For mature companies that have high cash flow and profitability; owners within 10-15 years of retirement</i>
	SEP	SIMPLE-IRA	Safe Harbor 401(k) Non Elective	Safe Harbor 401(k) Match	Cash Balance
Key Advantage	Least work involved	Salary reduction plan with little administrative paperwork.	ADP/ACP tests deemed to pass. Minimum contribution requirement.	ADP/ACP tests deemed to pass. Minimum contribution requirement.	Provides a fixed, pre-established benefit for employees
What company may have this plan	Any Employer. 401k plan not allowed when SEP is in place.	Any Employer with less than 101 employees. 401k plan not allowed when SIMPLE is in place.	Any employer with one or more employees	Any employer with one or more employees	Any employer with one or more employees
Employer's Responsibilities	Set up plan by completing IRS Form 5305-SEP. No 5500 form required.	Set up plan by completing IRS Form 5304-SIMPLE or IRS Form 5305-SIMPLE. No 5500 form required.	Legal plan document required. Recommend TPA for all testing to keep plan qualified. Annual 5500 form filing required.	Legal plan document required. Recommend TPA for all testing to keep plan qualified. Annual 5500 form filing required.	Legal plan document required. Annual 5500 form filing required. Actuarial Certification. Actuary must determine the annual required contribution.
Funding Responsibility	Funded solely by Employer	Discretionary Employee contributions. Required Employer contribution.	Required Employer contribution of 3% of participant eligible compensation. Allows for Additional Discretionary Employee and Employer contributions.	Required Employer contribution of 4% match of participant eligible compensation. Match is 100% of first 3% contributed and 50% of the next 2%. Allows for Additional Discretionary Employee and Employer contributions.	Annually determined contribution funded by the employer
Maximum Annual *Contribution (Per participant)	Only Employer Contribution Allowed. Lesser of 25% of compensation or current plan year dollar limit of \$290,000.	Employee: Up to current plan year dollar limit of \$13,500. Additional contributions can be made by participants age 50 or over of \$3,000. Employer: Either match employee contributions 100% of first 3% of compensation (can be reduced to as low as 1% in any 2 out of 5 yrs.) or contribute 2% of each eligible employee's compensation.	Employee: Up to current plan year dollar limit of \$19,500. Additional contributions can be made by participants age 50 or over of \$6,500. Employer/Employee Combined: Contributions per participant up to the lesser of 100% of compensation or current plan year limit of \$58,000 up to age 50 and \$64,500 age 50 and over. Employer can deduct up to 25% of total eligible compensation.	Employee: Up to current plan year dollar limit of \$19,500. Additional contributions can be made by participants age 50 or over of \$6,500. Employer/Employee Combined: Contributions per participant up to the lesser of 100% of compensation or current plan year limit of \$58,000 up to age 50 and \$64,500 age 50 and over. Employer can deduct up to 25% of total eligible compensation.	Primarily funded by employer
Minimum Employee Coverage Requirements	Age 21 and worked 3 out of 5 years with at least \$600 annual compensation	Any employee who earned at least \$5,000 in any prior 2 years and are expected to earn at least \$5,000 in the current year	Generally, must be offered to all employees at least 21 years old who worked at least 1,000 hours in a previous year	Generally, must be offered to all employees at least 21 years old who worked at least 1,000 hours in a previous year	Generally, must be offered to all employees at least 21 years old who worked at least 1,000 hours in a previous year
Withdrawals & Payments	Permitted with restrictions	Permitted with restrictions	Permitted with restrictions	Permitted with restrictions	Payment begins after retirement.
Loans permitted	No	No	Yes, with restrictions	Yes, with restrictions	Yes, with restrictions
Vesting	Immediate 100%	Immediate 100%	Immediate 100% vesting except for Employer Discretionary contributions which vest per plan's vesting schedule	Immediate 100% vesting except for Employer Discretionary contributions which vest per plan's vesting schedule	May vest over time according to plan terms
Plan document	IRS Form 5305-SEP — No Cost	IRS Form 5304-SIMPLE or IRS Form 5305-SIMPLE — No cost	Full plan document — \$1,000 at plan set-up and every 5-7 years for IRS required restatement.	Full plan document — \$1,000 at plan set-up and every 5-7 years for IRS required restatement.	Full plan document — \$2,000-\$3,000 at plan set-up and every 5-7 years for IRS required restatement.
Estimated annual administrative costs	None	None	Ave. \$3,000-\$4,000 Annually	Ave. \$3,000-\$4,000 Annually	Ave. \$6,000-\$8,000 Annually