

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 (SHNE)	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 and Actuarial Certification are required.
Funding Responsibility	Funded solely by Employer	Employee Deferrals. Required Employer contribution.	SHNE - Required Employer contribution of 3% of compensation to all eligible employees. Employee Deferrals and Discretionary Employer contributions are allowed.	SH Match - Required Match of Employee Deferrals. 100% of first 3% of compensation and 50% of the next 2%. Maxed @ 4% of compensation. Employee Deferrals and Discretionary Employer contributions are allowed.	Funded solely by Employer
Maximum Annual *Contribution (Per participant)	Only Employer Contribution Allowed. Lesser of 25% of compensation or current plan year compensation limit of \$345,000.	Employee : 2024 limit is \$16,000. Catch-up if age 50 is \$3,500. Employer : Either a 100% match on Employee Deferrals up to 3% of compensation or contribute 2% of compensation to all eligible employees	Employee : 2024 limit is \$23,000. Catch-up if age 50 is \$7,500. Employer/Employee Combined : Total allocation of lesser of \$69,000 or 100% of compensation. Catch-up amount not included is \$69,000. Employer can deduct up to 25% of total eligible compensation.	Employee : 2024 limit is \$23,000. Catch-up if age 50 is \$7,500. Employer/Employee Combined : Total allocation of lesser of \$69,000 or 100% of compensation. Catch-up amount not included is \$69,000. Employer can deduct up to 25% of total eligible compensation.	Annual required contribution will be determined by an actuary.
IRS Coverage Requirements	Age 21 and worked 3 out of 5 years with at least \$750 annual compensation. Enters on first day of following Plan Year.	Any employee who earns \$5,000 in current year and any prior 2 years. Enters on the first day of following Plan Year.	Age 21 and 1 Year of Service (YOS). Enters on the semi-annual entry dates. 1000 hours in 12 months from DOH.	Age 21 and 1 Year of Service. Enters on the semi-annual entry dates. 1000 hours in 12 months from DOH.	Age 21 and 1 Year of Service. Enters on the semi-annual entry dates. 1000 hours in 12 month from DOH.
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%	Safe Harbor is 100% vested. Employer Discretionary contributions vest per plan's vesting schedule	Safe Harbor is 100% vested. Employer Discretionary contributions vest per plan's vesting schedule	Employer contributions vest per plan's vesting schedule
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	Avg. \$3,500-\$4,500 Annually	Avg. \$4,000-\$5,500 Annually	Avg. \$6,500-\$8,500 Annually