

# Retirement Plan Comparison Chart



Feature	401(k)	Solo 401(k)	Safe Harbor 401(k)	SIMPLE 401(k)	Profit Sharing	SEP IRA	SIMPLE IRA
Basic plan type	Defined Contribution	Defined Contribution	Defined Contribution	Defined Contribution	Defined Contribution	IRA based	IRA based
Who generally adopts	Corporations, partnerships, limited liability companies	Sole proprietorships, partnerships, limited liability companies and corporations with no common law employees	Sole proprietorships, partnerships, limited liability companies and corporations	Sole proprietorships, partnerships, limited liability companies and corporations with 100 or fewer eligible employees	Sole proprietorships, partnerships, limited liability companies and corporations	Sole proprietorships, partnerships, and small businesses	Sole proprietorships, partnerships, limited liability companies and corporations with 100 or fewer employees
Can employer sponsor other qualified retirement plans	Yes	Yes	Yes	No	Yes	Yes	No
Who can contribute	Employee; employer contributions are optional	Employee; employer contributions are optional	Employee and employer	Employee and employer	Employer	Employer	Employee and employer
Cost index	Low to High depending upon design complexity, service model adopted and other factors	Low to Medium	Low to Medium	Low to Medium	Low to High depending upon design complexity, service model adopted and other factors	Low	Low
Maximum employee deferral contribution	The lesser of \$15,500 for 2007 (indexed for inflation each year) or 100% of compensation	The lesser of \$15,500 for 2007 (indexed for inflation each year) or 100% of compensation	The lesser of \$15,500 for 2007 (indexed for inflation each year) or 100% of compensation	The lesser of \$10,500 for 2007 (indexed for inflation each year) or 100% of compensation	None	None. Contributions are generally by Employer only	The lesser of \$10,500 for 2007 (indexed for inflation each year) or 100% of compensation

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Employer contributions	Discretionary; maximum tax-deductible employer contribution is 25% of eligible payroll; overall maximum contribution per eligible employee is 100% of compensation not to exceed \$45,000	Discretionary; maximum tax-deductible employer contribution is 25% of eligible payroll; overall maximum contribution per eligible employee is 100% of compensation not to exceed \$45,000	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	Required match of 100% up to 3% of employee's compensation  OR  2% 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 \$45,000	Discretionary; cannot exceed the lesser of 25% of the employee's compensation or \$45,000	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
Catch-up contributions for those age 50 and older	\$5,000 for 2007 (indexed for inflation each year)	\$5,000 for 2007 (indexed for inflation each year)	\$5,000 for 2007 (indexed for inflation each year)	\$2,500 for 2007 (indexed for inflation each year)	N/A	N/A	\$2,500 for 2007 (indexed for inflation each year)
Employee eligibility	Age requirement cannot exceed 21; service requirement can't exceed one year; 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 one year; two years if 100% vested; may exclude union employees	Age requirement cannot exceed 21; have earned compensation in three of the past five years; received compensation of at least \$500; may exclude union employees	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
Who directs investments	Employer/Trustee or plan may allow individual direction	Individual	Employer/Trustee or plan may allow individual direction	Individual	Employer/Trustee or plan may allow individual direction	Individual	Individual
IRS reporting by employer	Form 5500	Form 5500-EZ when plan assets reach \$100,000	Form 5500	Form 5500	Form 5500	None	None

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This chart is provided as general guidance on the subject covered and is not intend to be authoritative or to provided legal, tax, or investment advice.

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Feature	401(k)	Solo 401(k)	Safe Harbor 401(k)	SIMPLE 401(k)	Profit Sharing	SEP IRA	SIMPLE IRA
Establishment deadline	By the last day of the plan year for which the plan is effective	By the last day of the plan year for which the plan is effective	Any date between January 1 and October 1; may not have an effective date that is before the date plan actually adopted	Any date between January 1 and October 1; as soon as administratively feasible for businesses established after October 1st	By the last day of the plan year for which the plan is effective	Established by the time the corporate tax return (with extensions) is filed for the tax year in which the deduction is being taken	Any date between January 1 and October 1; as soon as administratively feasible for businesses established after October 1st
Funding deadline	Employee contributions must be deposited as soon as administratively possible, but no later than 15 business days after the month in which the deferrals were made; 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	Unincorporated businesses -- employer/employee contributions: by the time the corporate tax return (with extensions) is filed for the tax year in which the deduction is being taken; incorporated businesses -- employer contributions: by tax-filing date plus extensions and employee contributions must be deposited as soon as administratively possible, but no later than 15 business days after the month in which the deferrals were made	Employee contributions must be deposited as soon as administratively possible, but no later than 15 business days after the month in which the deferrals were made; 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, but no later than 15 business days after the month in which the deferrals were made; 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	Funded 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 within 30 days after the end of the month in which the amounts would otherwise have been payable to the employee 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

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Can rollover to:							
IRA	Yes	Yes	Yes	Yes	Yes	Yes	Yes <sup>2</sup>
SIMPLE IRA	No	No	No	No	No	No	Yes
Roth IRA	No	No	No	No	No	Yes	Yes <sup>2</sup>
SEP IRA	Yes	Yes	Yes	Yes	Yes	Yes	Yes <sup>2</sup>
SIMPLE 401(k) <sup>1</sup>	Yes <sup>3</sup>	Yes <sup>3</sup>	Yes <sup>3</sup>	Yes <sup>3</sup>	Yes <sup>3</sup>	Yes <sup>3</sup>	Yes <sup>2, 3</sup>
Safe Harbor 401(k) <sup>1</sup>	Yes	Yes	Yes	Yes	Yes	Yes	Yes <sup>2</sup>
403(b) <sup>1</sup>	Yes	Yes	Yes	Yes	Yes	Yes	Yes <sup>2</sup>
Governmental 457 <sup>1</sup>	Yes	Yes	Yes	Yes	Yes	Yes	Yes <sup>2</sup>
401(k) <sup>1</sup>	Yes	Yes	Yes	Yes	Yes	Yes	Yes <sup>2</sup>
Roth 401(k) <sup>5</sup>	No	No	No	No	No	No	No
Minimum vesting	Immediate on Employee Contributions; Employer contributions can be subject to vesting schedule	Immediate	Immediate	Immediate	Employer contributions can be subject to vesting schedule	Immediate	Immediate
Loans	Employer option	Employer option	Employer option	Employer option	Employer option	No	No
Roth Contributions Allowed	Yes <sup>6</sup>	Yes <sup>6</sup>	Yes <sup>6</sup>	Yes <sup>6</sup>	No	No	No

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Feature	401(k)	Solo 401(k)	Safe Harbor 401(k)	SIMPLE 401(k)	Profit Sharing	SEP IRA	SIMPLE IRA
When can withdrawals be taken	<p>Withdrawals can generally be made for the following reasons:</p> <ul style="list-style-type: none"> <li>• termination of employment</li> <li>• disability</li> <li>• death</li> <li>• retirement</li> <li>• hardship</li> </ul> <p>If taken prior to an employee reaching age 59½ may be subject to a 10% penalty;<sup>4</sup> withdrawals are generally considered taxable income</p>	<p>Withdrawals can generally be made for the following reasons:</p> <ul style="list-style-type: none"> <li>• termination of employment</li> <li>• disability</li> <li>• death</li> <li>• retirement</li> <li>• hardship</li> </ul> <p>If taken prior to an employee reaching age 59½ may be subject to a 10% penalty;<sup>4</sup> withdrawals are generally considered taxable income</p>	<p>Withdrawals can generally be made for the following reasons:</p> <ul style="list-style-type: none"> <li>• termination of employment</li> <li>• disability</li> <li>• death</li> <li>• retirement</li> <li>• hardship</li> </ul> <p>If taken prior to an employee reaching age 59½ may be subject to a 10% penalty;<sup>4</sup> withdrawals are generally considered taxable income</p>	<p>Withdrawals can generally be made for the following reasons:</p> <ul style="list-style-type: none"> <li>• termination of employment</li> <li>• disability</li> <li>• death</li> <li>• retirement</li> <li>• hardship</li> </ul> <p>If taken prior to an employee reaching age 59½ may be subject to a 10% penalty;<sup>4</sup> withdrawals are generally considered taxable income</p>	<p>Withdrawals can generally be made for the following reasons:</p> <ul style="list-style-type: none"> <li>• termination of employment</li> <li>• disability</li> <li>• death</li> <li>• retirement</li> <li>• hardship</li> </ul> <p>If taken prior to an employee reaching age 59½ may be subject to a 10% penalty;<sup>4</sup> withdrawals are generally considered taxable income</p>	<p>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</p>	<p>Withdrawals can be taken at any time; withdrawals taken prior to an employee reaching age 59½ and within the first 2 years of participation, may be subject to a 25% early withdrawal penalty; after 2 years, a 10% early withdrawal penalty would apply; withdrawals are generally considered taxable income</p>

1. Even though a plan may accept rollovers, they are not required to do so. Hardship distributions cannot be rolled over.
2. Only after the individual has participated in the SIMPLE IRA for two years.
3. Some retirement professionals do not believe that the IRS Code permits such a rollover.
4. 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.
5. Roth 401(k) funds can only be rolled over to a designated Roth 401(k) account within a 401(k) plan or to a Roth IRA.
6. This is a design option that the plan may or may not permit.

IMPORTANT NOTE: This chart 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 consultant before you act on any information contained in this chart.