

Comparing Small Business Retirement Plans

	<i>Individual(k)</i> TM Plan	SIMPLE IRA Plan	SEP Plan	Profit Sharing Plan	401(k) Plan	401(k) ADP/ACP Safe Harbor Plan
Eligible businesses	Any non-governmental employer may establish	Any employer may establish if no more than 100 employees, and employer does not maintain another retirement plan in which employees accrue benefits	Any employer may establish	Any employer may establish	Any non-governmental employer may establish	Any non-governmental employer may establish
Eligible employees	Self-employed individual or business owner(s)/ partner(s) and spouse(s)	Must include employees earning \$5,000+ in the current year and who earned \$5,000+ during any 2 preceding years	Must include employees who are at least age 21, earning \$600+ in 2017, and have worked for the business in 3 of the last 5 years	Must include employees who are at least age 21 with 1 year of service (2 years if immediate 100% vesting)	Must include employees who are at least age 21 with 1 year of service (2 years if immediate 100% vesting)	Must include employees who are at least age 21 with 1 year of service (2 years if immediate 100% vesting of employer contributions)
Pretax employee contributions	Yes	Yes	Generally, no	No	Yes	Yes
Roth contributions	Yes	No	No	No	Yes	Yes
Employee contributions	Up to \$18,000	Up to \$12,500	Generally, no	No	Up to \$18,000	Up to \$18,000
Employer contributions	Flexible, up to 25% of compensation*	Mandatory contribution: generally a 100% match on deferrals up to 3% of compensation OR a 2% contribution to all eligible employees	Flexible, up to 25% of compensation*	Flexible, up to 25% of compensation* (optional cross-tested profit sharing formula available)	Flexible, up to 25% of compensation* (optional cross-tested profit sharing formula available)	Mandatory employer match or nonelective contribution meeting certain minimum requirements
Catch-up contributions for ages 50+	Up to \$6,000	Up to \$3,000	Generally, no	No	Up to \$6,000	Up to \$6,000
Contribution limit for participants	Total of employer and employee contributions plus any forfeiture reallocations, not to exceed 100% of compensation up to \$54,000	Cannot exceed maximum employer contributions plus maximum employee contribution plus catch-up	Lesser of: 25% of compensation or \$54,000	Total of profit sharing contributions plus any forfeiture reallocations, not to exceed 100% of compensation up to \$54,000	Total of employer and employee contributions plus any forfeiture reallocations, not to exceed 100% of compensation up to \$54,000	Total of employer and employee contributions plus any forfeiture reallocations, not to exceed 100% of compensation up to \$54,000
Loans	Yes, if plan allows	No	No	Yes, if plan allows	Yes, if plan allows	Yes, if plan allows
Distributions	Withdrawals before age 59½ may be subject to a 10% penalty	Withdrawals before age 59½ may be subject to a 10% penalty (a 25% penalty if taken within the first 2 years)	Withdrawals before age 59½ may be subject to a 10% penalty	Withdrawals before age 59½ may be subject to a 10% penalty	Withdrawals before age 59½ may be subject to a 10% penalty	Withdrawals before age 59½ may be subject to a 10% penalty
Protection from creditors	Yes	Dependent upon state law	Dependent upon state law	Yes	Yes	Yes

*25% of compensation for employer tax deduction

This chart contains general information based on 2017 limitations. The figures in this document are subject to change given cost-of-living increases. For financial professional use only.

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