



RETIREMENT PLAN COMPARISON CHART

PLAN TYPE	SIMPLE IRA	SEP IRA	SOLO 401(k)	401(k) PLAN	SAFE HARBOR 401(k) PLAN	PROFIT SHARING PLAN	NEW COMPARABILITY PROFIT SHARING PLAN	CASH BALANCE PLAN
WHO SPONSORS	All businesses with fewer than 100 employees	All businesses (including startup or smaller firms, corporate or non-corporate) seeking to minimize filings, paperwork and overall cost	All businesses with no common law employees	All businesses except governmental agencies Larger employers where the nondiscrimination tests are not an issue	All businesses except governmental agencies	All businesses seeking flexibility of discretionary contributions and the ability to impose a vesting schedule on these contributions	All businesses (including small businesses or professional practices) wishing to favor either the older employees or a specific group of employees (generally set up to favor owners)	All highly profitable businesses with consistent profit patterns
ADVANTAGES	Provides pre-tax retirement savings and easy administration Requires minimal IRS reporting and has minimal cost	Minimal IRS reporting and disclosures Easy to set up and administer.	Allows sole-proprietors the ability to contribute maximum deferrals plus 20%-25% of their income to a bankruptcy proof trust. No tax filings until assets reach \$250,000.	Provides an effective tax tool and employee benefit with employer control. Roth contributions allowed for high income taxpayers.	Great for small to medium sized, family owned businesses who wish to avoid ADP/ ACP and top-heavy discrimination tests. Roth contributions allowed.	Often added to a 401(k)/Safe Harbor 401(k) giving the sponsor the discretion to contribute a total of 25% of eligible plan compensation.	Often added to a 401(k)/ Safe Harbor 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 401(k) plans to achieve individual contribution limits of \$100,000 to \$300,000 per person.
DISADVANTAGES	Lack of flexibility in employer contributions. Employees have access to funds at any time. Plan must cover all employees of all related employers.	Easy for employer to overlook technical requirements. Plan must cover all employees and all employees of related employers.		Required nondiscrimination testing	Employer must make minimum Safe Harbor contributions each year.	Increased flexibility may result in increased complexity and expense.	Required nondiscrimination testing Increased flexibility may result in increased complexity and expense.	Minimum funding requirement Generally, required PBGC premiums Employer assumes funding risk May be difficult to communicate value of program to employees
COST INDEX	Low	Low	Low	Low to high depending on complexity of plan design	Low	Low to medium depending on complexity of plan design	Medium to high depending on complexity of plan design	High

RETIREMENT PLAN COMPARISON CHART *(continued)*

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DEADLINE TO ESTABLISH	No later than October 1	Any time prior to tax filing	Prior to fiscal year end	Prior to fiscal year end	Election can be made up to end of next fiscal year	Any time prior to tax filing	Any time prior to tax filing	Any time prior to tax filing
FUNDED BY	Employer and Employee	Employer	Employer and Employee	Employer and Employee	Employer and Employee	Employer	Employer	Employer
GOVERNMENT REPORTING	No	No	Yes, if greater than \$250,000 in assets	Yes	Yes	Yes	Yes	Yes
MAXIMUM ANNUAL INDIVIDUAL CONTRIBUTION	100% of compensation up to \$15,500 (indexed) Additional \$3,500 in catch-up deferrals if age 50+	Not applicable	100% of compensation up to \$22,500 in employee deferrals (indexed) Additional \$7,500 in catch-up deferrals if age 50+	100% of compensation up to \$22,500 in employee deferrals (indexed) Additional \$7,500 in catch-up deferrals if age 50+	100% of compensation up to \$22,500 in employee deferrals (indexed) Additional \$7,500 in catch-up deferrals if age 50+	Not applicable	Not applicable	Not applicable
MAXIMUM ANNUAL EMPLOYER CONTRIBUTION	Choice of two mandatory contributions: 1. Match 100% up to 3% of compensation OR 2. Contribution of 2% of compensation to all eligible employees. The match can be reduced in 2 out of 5 years. No additional employer contributions	Discretionary employer contributions up to 25% of eligible employee compensation An eligible participant shares in the current year contribution if he or she earned in excess of \$750 (indexed).	20% of Schedule C income or K-1 income and 25% of W-2 income PLUS \$22,500 in employee deferrals (indexed) Additional \$7,500 in catch-up deferrals if age 50+ at any time during the plan year. Income is limited to \$330,000 (indexed).	25% of eligible employee compensation Individual eligible employee compensation is limited to \$330,000 (indexed) Individual total contributions may not exceed \$66,000/\$73,500 if catch-up eligible (indexed).	Choice of Safe Harbor Match formula or SH Non-Elective: 1(a). Basic Match: 100% up to 3% of compensation plus 50% of next 2% of compensation 1(b). Enhanced Match: 100% up to 4% of compensation (The enhanced match is easier to explain and set up on payroll.) OR 2. 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 \$330,000 (indexed). Individual total contributions may not exceed \$66,000/73,500 (indexed).	Discretionary contributions up to 25% of eligible employee compensation Individual eligible employee compensation is limited to \$330,000 (indexed). Individual total contributions may not exceed \$66,000/\$73,500 (indexed).	Contributions are MANDATORY and based on age and wage. Owner contributions are set at a percentage of income or flat dollar amount which may be adjusted every 3 to 5 years. Wages are limited to \$330,000 (indexed). Individual contribution limits range from \$100,000 to \$300,000 per person depending on age and wage.

If you have questions or would like to learn more about Warren Averett Benefit Consultants, contact:
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