

Comparing Small Business Retirement Plans



	Individual(k) 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 only if employees meeting requirements are a self-employed individual or business owner(s)/ partner(s) and spouse(s)	Any employer may establish if no more than 100 employees who earned \$5,000+ in the preceding calendar year, 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	Must include employees who are at least age 21 with 1 year of service (2 years if immediate 100% vesting)	Must include employees earning \$5,000+ in the current calendar year and who earned \$5,000+ during any 2 preceding calendar years	Must include employees who are at least age 21, earning \$600+ for the year and have worked for the business in any 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)
Pre-tax employee contributions	Yes	Yes	No	No	Yes	Yes
Roth contributions	Yes	No	No	No	Yes	Yes
Employee contributions	Up to \$23,000	Up to \$16,000	No	No	Up to \$23,000	Up to \$23,000
Employer contributions	Flexible, up to 25% of compensation ¹	Mandatory contribution: generally, a 100% match on deferrals up to 3% of compensation OR a 2% contribution to all eligible employees ²	Flexible, up to 25% of compensation ¹	Flexible, up to 25% of compensation ¹ (optional cross-tested profit sharing formula available)	Flexible, up to 25% of compensation ¹ (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 \$7,500	Up to \$3,500	No	No	Up to \$7,500	Up to \$7,500
Contribution limit for employees	Total of employer and employee contributions plus any forfeiture reallocations, not to exceed 100% of compensation up to \$69,000	Cannot exceed maximum employer contributions plus maximum employee contributions plus catch-up	Less of 25% of compensation or \$69,000	Total of profit-sharing contributions plus any forfeiture reallocations, not to exceed 100% of compensation up to \$69,000	Total of profit-sharing contributions plus any forfeiture reallocations, not to exceed 100% of compensation up to \$69,000	Total of profit-sharing contributions plus any forfeiture reallocations, not to exceed 100% of compensation up to \$69,000
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, if bankruptcy. Otherwise, dependent upon state law ³	Dependent upon state law	Dependent upon state law	Yes	Yes	Yes

This chart contains general information based on 2024 limitations. The figures in this document are subject to change given cost-of-living increases.

¹25% of compensation for employer tax deduction

²Employer match may be reduced to as low as 1% for any two out of five-year period.

³Most states offer protection from creditors.

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