

Retirement Plans Reference Sheet

	IRA-BASED PLANS	DEFINED CONTRIBUTION PLANS			DEFINED BENEFIT PLANS
	SEP	Solo-K Plan	Safe Harbor 401(k)	Traditional 401(k)	
Key Advantage	Easy to set up and maintain.	Easy to set up and maintain.	Permits high level of salary deferrals by employees without annual nondiscrimination testing.	Permits high level of salary deferrals by employees.	Provides a fixed, pre-established benefit for employees.
Employer Eligibility	Any employer with one or more employees.	Tailored* toward self-employed small business owners, but can accommodate multiple participant employees.	Any employer with one or more employees.	Any employer with one or more employees.	Any employer with one or more employees.
Employer's Role	May use IRS Form 5305-SEP to set up the plan. No annual filing requirement for employer.	No standard form to establish this plan. May need advice from a financial institution or employee benefit adviser. May require annual nondiscrimination testing to ensure that plan does not discriminate* in favor of highly compensated employees. Must file annual Form 5500.	No standard form to establish this plan. May need advice from a financial institution or employee benefit adviser. A minimum amount of employer contributions is required. Must file annual Form 5500.	No standard form to establish this plan. May need advice from a financial institution or employee benefit adviser. Requires annual nondiscrimination testing to ensure that plan does not discriminate in favor of highly compensated employees. Must file annual Form 5500.	No standard form to establish this plan. Advice from a financial institution or employee benefit adviser would be necessary. Must file annual Form 5500. An actuary must determine annual contributions.
Source of Plan Contributions	Employer contributions only.	Employee salary reduction contributions and employer contributions.	Employee salary reduction contributions and employer contributions.	Employee salary reduction contributions and maybe employer contributions.	Primarily funded by employer.
Maximum Annual Contribution (per participant) See the IRS's website for annual updates	Up to 25% of compensation, but no more than \$69,000 for 2024 and \$70,000 for 2025	Employee: \$23,000 in 2024 and \$23,500 in 2025. Participants age 50 or over can make additional contributions up to \$7,500 in 2024 and in 2025. Employer/Employer Combined: Up to the lesser of 100% of compensation ⁽¹⁾ or \$69,000 (\$76,500 for owner participants over age 50) for 2024. Employer can deduct ⁽¹⁾ amounts that do not exceed 25% of aggregate compensation for all participants and ⁽²⁾ all salary reduction contributions. Special note: Participants ages 60-63 can make a Super Catch-Up Contribution of \$11,250 starting in 2025.	Employee: \$23,000 in 2024 and \$23,500 in 2025. Participants age 50 or over can make additional contributions up to \$7,500 in 2024 and in 2025. Employer/Employer Combined: Up to the lesser of 100% of compensation ⁽¹⁾ or \$69,000 (\$76,500 for owner participants over age 50) for 2024. Employer can deduct ⁽¹⁾ amounts that do not exceed 25% of aggregate compensation for all participants and ⁽²⁾ all salary reduction contributions. Special note: Participants ages 60-63 can make a Super Catch-Up Contribution of \$11,250 starting in 2025.	Employee: \$23,000 in 2024 and \$23,500 in 2025. Participants age 50 or over can make additional contributions up to \$7,500 in 2024 and in 2025. Employer/Employer Combined: Up to the lesser of 100% of compensation ⁽¹⁾ or \$69,000 (\$76,500 for owner participants over age 50) for 2024. Employer can deduct ⁽¹⁾ amounts that do not exceed 25% of aggregate compensation for all participants and ⁽²⁾ all salary reduction contributions. Special note: Participants ages 60-63 can make a Super Catch-Up Contribution of \$11,250 starting in 2025.	Annually determined contribution.

¹ Maximum compensation on which contributions can be based is \$285,000 for 2020 and \$290,000 for 2021.

² Maximum compensation on which employer 2% contributions can be based is \$285,000 for 2020 and \$290,000 for 2021.

	IRA-BASED PLANS	DEFINED CONTRIBUTION PLANS			DEFINED BENEFIT PLANS
	SEP	Solo-K Plan	Safe Harbor 401(k)	Traditional 401(k)	
Contributions Options	Employer can decide whether to make contributions year-to-year.	Employee can decide how much to contribute based on a salary reduction agreement. The employer can make additional contributions, including matching contributions as set by plan terms.	Employee can decide how much to contribute based on a salary reduction agreement. The employer must make either specified matching contributions or a 3% contribution to all participants.	Employee can decide how much to contribute based on a salary reduction agreement. The employer can make additional contributions, including matching contributions as set by plan terms.	Employer generally required to make contribution as set by plan terms.
Minimum Employee Coverage Requirements	Must be offered to all employees who are at least 21 years old, employed by the employer for 3 of the last 5 years and had compensation of \$600 or more for 2020 and \$650 for 2021.	Generally, must be offered to all employees at least 21 years old who worked at least 1,000 hours in a previous year.	Generally, must be offered to all employees at least 21 years old who worked at least 1,000 hours in a previous year.	Generally, must be offered to all employees at least 21 years old who worked at least 1,000 hours in a previous year.	Generally, must be offered to all employees at least 21 years old who worked at least 1,000 hours in a previous year.
Withdrawals, Loans & Payments	Withdrawals permitted anytime subject to federal income taxes; early withdrawals (before 59 ½?) subject to an additional tax. Participants cannot take loans from their SEP-IRAs.	N/A	Withdrawals permitted after a specified event occurs (retirement, plan termination, etc.) subject to federal income taxes. Plan may permit loans and hardship withdrawals; early withdrawals subject to an additional tax.	Withdrawals permitted after a specified event occurs (retirement, plan termination, etc.) subject to federal income taxes. Plan may permit loans and hardship withdrawals; early withdrawals subject to an additional tax.	Payment of benefits after a specified event occurs (retirement, plan termination, etc.). Plan may permit loans; early withdrawals subject to an additional tax.
Vesting	Contributions are immediately 100% vested.	Employee salary reduction contributions are immediately 100% vested. Employer contributions may vest over time according to plan terms.	Employee salary reduction contributions and all safe harbor employer contributions are immediately 100% vested. Some employer contributions may vest over time according to plan terms.	Employee salary reduction contributions are immediately 100% vested. Employer contributions may vest over time according to plan terms.	May vest over time according to plan terms.