

## Business Retirement Plan Comparison Chart

Plan Type	Maximum Employee Eligibility Requirements	Set-up Deadline	Contribution Deadline
<b>SIMPLE IRA</b>	An employer can require an employee: 1) Earn \$5,000 in each of any two prior calendar years, and 2) Be reasonably expected to earn \$5,000 in the current year. Employers can exclude union members and non-resident aliens. There are no age or number of hour requirements.	October 1 of the current year. Should be established early in the year to allow time for salary deferrals.	<ul style="list-style-type: none"> <li>Salary deferral contributions must be deposited as soon as administratively possible, but no later than the 30 day following the month of deferral.</li> <li>Matching and non-elective contributions are due by the business's tax filing deadline, including extensions.</li> </ul>
<b>SÉP IRA</b>	An employer can require that an employee: 1) Be 21, 2) Work during any three of the immediately preceding five years, and 3) Currently earn at least \$550 (2010/2011). There is no number of hour requirements.	Business's tax filing deadline, including extensions.	Business's tax filing deadline, including extensions.
<b>401(k)</b>	An employer can require that an employee: 1) Be age 21, and 2) Complete 1 year of service in which they work at least 1,000 hours.	Must be established prior to commencement of salary deferrals; must be established prior to business's year-end to make employer contributions.	<ul style="list-style-type: none"> <li>Salary deferral contributions must be deposited as soon as administratively possible, but no later than the 15th business day of the month following the deferral.</li> <li>Matching and profit sharing are due by the business's tax filing deadline, including extensions.</li> </ul>
<b>Safe Harbor 401(k)</b>	Same as 401(k)	In general, a new plan must be established three months before the business's year-end (generally October 1 <sup>st</sup> for calendar year plans).	Same as 401(k)
<b>Profit Sharing</b>	An employer can require that an employee: 1) Be age 21, and 2) Work 1,000 hours in two preceding years. If a vesting schedule is used, only one year can be required.	Business's year-end.	Business's tax filing deadline, including extensions.
<b>Age Weighted and Comparability Profit Sharing</b>	An employer can require that an employee: 1) Be age 21, and 2) Work 1,000 hours in the preceding year.	Business's year-end.	Business's tax filing deadline, including extensions.
<b>Defined Benefit</b>	An employer can require that an employee: 1) Be age 21, and 2) Work 1,000 hours in two preceding years. If a vesting schedule is used, only one year can be required.	Business's year-end.	Earlier of business's tax filing deadline, including extensions, or minimum funding deadline (Sept. 15 for calendar year plans).

## Business Retirement Plan Comparison Chart

Plan Type	Employer Eligibility	Contribution/Benefit Limits	
SIMPLE IRA (continued on page 2)	<ul style="list-style-type: none"> <li>Sole Proprietorships</li> <li>Partnerships</li> <li>S and C Corporations</li> <li>L.L.C.</li> <li>Tax-Exempt Organizations</li> <li>State and Local Governmental Entities</li> <li>Maximum of 100 employees who earn \$5,000 or more in compensation</li> </ul>	<b>Under age 50:</b> \$11,500 in 2010 \$11,500 in 2011	<b>Catch-up: age 50 and up</b> \$2,500 in 2010 \$2,500 in 2011
		Salary deferral contributions cannot exceed the lesser of the dollar limit above or 100% of compensation.  Employers are required to offer a dollar-for-dollar match up to 3% of compensation or make a mandatory contribution of 2% of compensation to all eligible employees.	
SEP IRA (continued on page 2)	<ul style="list-style-type: none"> <li>Sole Proprietorships</li> <li>Partnerships</li> <li>S and C Corporations</li> <li>L.L.C.</li> <li>Tax-Exempt Organizations</li> <li>State and Local Governmental Entities</li> </ul>	Contributions cannot exceed the lesser of 25% of compensation or: \$49,000 (2010) \$49,000 (2011)	
401(k) (continued on page 2)	<ul style="list-style-type: none"> <li>Sole Proprietorships</li> <li>Partnerships</li> <li>S and C Corporations</li> <li>L.L.C.</li> <li>Tax-Exempt Organizations</li> </ul>	<b>Under age 50:</b> \$16,500 in 2010 \$16,500 in 2011	<b>Catch-up: age 50 and up</b> \$5,500 in 2010 \$5,500 in 2011
		Total additional employer contributions such as matching and profit sharing cannot exceed 25% of all eligible employees' compensation.  Total salary deferrals, matching, profit sharing, and any after-tax contributions (if allowed) for any individual cannot exceed \$49,000 (\$54,500 if age 50 and older) or 100% of compensation in 2010/2011. Plans may allow participants to designate part or all of their deferrals as Roth contributions.	
Safe Harbor 401(k) (continued on page 2)	<ul style="list-style-type: none"> <li>Sole Proprietorships</li> <li>Partnerships</li> <li>S and C Corporations</li> <li>L.L.C.</li> <li>Tax-Exempt Organizations</li> </ul>	Same as 401(k)	Same as 401(k)
		Total additional employer contributions such as matching and profit sharing cannot exceed 25% of all eligible employees' compensation.  Employers are required to offer eligible employees a match (dollar-for-dollar up to 3% of compensation, plus \$.50 per dollar above 3% up to 5%; The equivalent of dollar-for-dollar up to 4% is common) or make a mandatory contribution of 3% of compensation to all eligible employees.  Total salary deferrals, matching, profit sharing, and any after-tax contributions (if allowed) cannot exceed \$49,000 (\$54,500 if age 50 and older) or 100% of compensation in 2010/2011. Plans may allow participants to designate part or all of their deferrals as Roth contributions.	
Profit Sharing (continued on page 2)	<ul style="list-style-type: none"> <li>Sole Proprietorships</li> <li>Partnerships</li> <li>S and C Corporations</li> <li>L.L.C.</li> <li>State and Local Governmental Entities</li> </ul>	Generally the lesser of 25% of compensation or: \$49,000 (2010) \$49,000 (2011)	
Age Weighted and Comparability Profit Sharing (continued on page 2)	<ul style="list-style-type: none"> <li>Sole Proprietorships</li> <li>Partnerships</li> <li>S and C Corporations</li> <li>L.L.C.</li> <li>Tax-Exempt Organizations</li> <li>State and Local Governmental Entities</li> </ul>	Generally the lesser of 25% of compensation or: \$49,000 (2010) \$49,000 (2011)  These plans can generally provide proportionally greater contributions to older, more highly compensated participants.	
Defined Benefit (continued on page 2)	<ul style="list-style-type: none"> <li>Sole Proprietorships</li> <li>Partnerships</li> <li>S and C Corporations</li> <li>L.L.C.</li> <li>Tax-Exempt Organizations</li> <li>State and Local Governmental Entities</li> </ul>	Contributions are determined by an actuary based on the funding needed to pay the benefits provided under the plan. Benefit formulas may include several factors, including age, years of service, and compensation. Plans can provide an annual benefit in retirement up to 100% of an amount equal to the three consecutive years that produces the highest average compensation or \$195,000 (2010/2011) whichever is less. An older employee population will generally result in higher contributions.	

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