Denise Appleby's Retirement Plans Comparison Table for Small Businesses-2018 Plan Year

(For the purpose of this table, use of the term "employer" means a small business, including those that are part of a Controlled Group or Affiliated Service Group)

Retirement definitions and resources from www.retirementdictionary.com, a service of Appleby Retirement Consulting Inc.

Feature/ Benefit	SEP IRA	SIMPLE IRA	SIMPLE 401(k)	Small Business Owner (SBO) 401(k)	Traditional 401(k)	Money Purchase	Profit Sharing	Defined Benefit Plan
Eligible Employer	Any employer. Employers who use the services of leased employees or maintain any other retirement plan cannot use the form 5305-SEP, but may use a prototype or individually designed SEP.	Any employer, providing the employer had no more than 100 employees with $5,000 or more in compensation during the preceding year. Generally, the SIMPLE IRA must be the only plan maintained by the employer. 'Exclusive plan rule' applies	Any employer, providing the employer had no more than 100 employees with $5,000 or more in compensation during the preceding year.	Any employer, providing only the business owner/s is/are eligible to participate in the plan. Spouses of owners and partners in a partnership are considered 'owners'.	Any employer	Any employer	Any employer	Any employer
Age Requirement	Can exclude employees under age 21	N/A	Can exclude employees under age 21	Can exclude employees under age 21	Can exclude employees under age 21	Can exclude employees under age 21	Can exclude employees under age 21	Can exclude employees under age 21
Service and compensation requirement	Must include employees who worked 3 of the 5 preceding years. A year of service is any work performed during the year, however short a period. Can exclude employees who earn less than $600 during the year.	Must include employees who received at least $5,000 in compensation during any 2 preceding calendar years (whether or not consecutive) and are reasonably expected to receive at least $5,000 in compensation during the calendar year.	Must include employees who have performed at least one year of service. A year of service can be defined as up to 1,000 hours of service during a 12-month period.	Must include employees who have performed at least one year of service. A year of service can be defined as up to 1,000 hours of service during a 12-month period.	Must include employees who have performed at least one year of service. A year of service can be defined as up to 1,000 hours of service during a 12-month period.	Must include employees who have performed at least two years of service. A year of service can be defined as up to 1,000 hours of service during a 12-month period.	Must include employees who have performed at least two years of service. A year of service can be defined as up to 1,000 hours of service during a 12-month period.	Must include employees who have performed at least two years of service. A year of service can be defined as up to 1,000 hours of service during a 12-month period.
Salary deferral allowed	Not for 5305-SEP. Up to $18,500 + catch-up of $6,000 may be allowed under SARSEPs. *As of 01/01/97, new SARSEPs may not be created.*	Yes. Up to $12,500 + catch-up of $3,000.	Yes. Up to $12,500 + catch-up of $3,000.	Yes. Up to $18,500 + catch-up of $6,000.	Yes. Up to $18,500 + catch-up of $6,000.	No	No	No

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Maximum contributions allowed for employee	Lesser of 25% of employee's compensation or $55,000	$12,500 deferral + catch-up of $3,000 +employer match of dollar for dollar up to 3% of compensation	$12,500 deferral + catch-up of $3,000 +employer match of dollar for dollar up to 3% of compensation	Lesser of 100% of employee's compensation or $55,000+ catch-up of $6,000.	Lesser of 100% of employee's compensation or $55,000+ catch-up of $6,000.	Lesser of 100% of employee's compensation or $55,000.	Lesser of 100% of employee's compensation or $55,000.	Amount required to fund employees 'benefit for the year.
Corporate Deductible limit	25% of eligible compensation of all eligible employees	Up to the SIMPLE IRA contribution amounts. NTE allowed contribution	Up to the SIMPLE 401(k)'s contribution amounts. NTE allowed contribution.	25% of compensation of all eligible employees	25% of compensation for all eligible employees	25% of compensation for all eligible employees	25% of compensation for all eligible employees	Generally, up to amount needed to satisfy minimum funding requirement.
Limitation on Compensation	Compensation cap of $275,000	Compensation cap of $275,000 applies only to employer 2% non-elective contribution	Compensation cap of $275,000	Compensation cap of $275,000	Compensation cap of $275,000	Compensation cap of $275,000	Compensation cap of $275,000	Compensation cap of $275,000
Vesting of Contributions	100% immediate vesting	100% immediate vesting	100% immediate vesting	100% immediate vesting	100% immediate vesting for salary deferrals. Vesting schedule can generally be applied to employer contributions.	If eligibility is one year, vesting schedule can be either cliff or graded. 100% immediate vesting after 2-years if eligibility is more than 1-year.	If eligibility is one year, vesting schedule can be either cliff or graded. 100% immediate vesting after 2-years if eligibility is more than 1-year	If eligibility is one year, vesting schedule can be either cliff or graded. 100% immediate vesting after 2-years if eligibility is more than 1-year
Deadline to Establish Plan	Employer's tax filing deadline, including extensions.	October 1. Except for businesses that are created after October 1, for which the plan must be established as soon as administratively feasible.	October 1. Except for businesses that are created after October 1, for which the plan must be established as soon as administratively feasible. Special rules apply. *See Sec. 1.401(k)-4.*	Last day of the employer's taxable year with respect to which a contribution is made.	Last day of the employer's taxable year with respect to which a contribution is made. It is recommended that the plan is established as early in the year as possible to allow salary deferrals.	Last day of the employer's taxable year with respect to which a contribution is made.	Last day of the employer's taxable year with respect to which a contribution is made.	Last day of the employer's taxable year with respect to which a contribution is made.

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Deadline for making/ depositing contributions *(see end notes for salary deferral contributions)*	Employers tax filing deadline, including extensions.	Salary deferrals-as soon as contributions can reasonably be segregated from the employer's general assets.[1] Employer contributions – employer's tax filing deadline, including extensions.	Salary deferrals-as soon as such contributions can reasonably be segregated from the employer's general assets.[2] Employer contributions –by the employer's tax filing deadline, including extensions.	Salary deferrals-as soon as such contributions can reasonably be segregated from the employer's general assets.[ii] Employer contributions –by the employer's tax filing deadline, including extensions.	Salary deferrals-as soon as such contributions can reasonably be segregated from the employer's general assets.[ii] Employer contributions-by the employer's tax filing deadline, including extensions.	Employer's tax filing deadline, including extensions.	Employer's tax filing deadline, including extensions.	Employer's tax filing deadline, including extensions.
Loans	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Nondiscrimi-nation testing	N/A	N/A	N/A	N/A	Required-for features, options & formulas used to compute contributions. Actual deferral percentage (ADP) and actual contribution percentage (ACP) waived if plan is a safe-harbor 401(k).	Required- for features, options and formulas used to compute contributions.	Required- for features, options and formulas used to compute contributions.	Required- for features, options and formulas used to compute contributions.
5500 filing	N/A	N/A	Yes	Yes. But only if assets exceed $250,000	Yes. N/A for owner-only plans with balances of $250,000 or less.	Yes. N/A for owner-only plans with balances of $250,000 or less.	Yes. N/A for owner-only plans with balances of $250,000 or less.	Yes. N/A for owner-only plans with balances of $250,000 or less.
Complexity	Low	Low	Low	Low	High	Medium	Medium	Very High
Administrative cost	Low	Low	Low	Low	High	Medium	Medium	Very High

[1] No later than 30 calendar days following the month to which the deferral applies. The 30-day period is the latest deadline, and applies only if the assets cannot be segregated sooner.

[2] No later than the 15th business day of the month, following the month to which the deferral applies. The 15th business day is the latest deadline, and applies only if the assets cannot be segregated sooner. Plans with fewer than 100 participants as of the beginning of the plan year, may remit salary deferrals within 7 business

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Notable notes	Gives business that has not established a profit pattern or one that experiences fluctuation in profits, flexibility due to discretionary contribution feature.	Employers often overlook the annual notification requirements that apply to SIMPLEs, resulting in them being subject to penalties.	These have not been popular, as employers often choose either the SIMPLE IRA or the safe-harbor 401(k) instead, possibly because the desired features are	This is really a traditional 401(k) plan, branded with a different name. Because no testing is required, paperwork is trimmed/reduced, to exclude options that don't apply to owner-only plans.	Employers that want a traditional 401(k) plan, but want to avoid the *ADP* and ACP tests may adopt safe-harbor provisions for the 401(k) plan.	Since the deductibility limit for contributions to Profit Sharing plans are now the same as the limit for Money Purchase Pension Plans, business owners usually have no need to adopt a Money Purchase Plan.	Gives business that has not established a profit pattern or one that experiences fluctuation in profits, flexibility due to discretionary contribution feature.	Often chosen by employers that want to contribute more than amounts permitted under SEPs and defined contribution plans.
Ideally suited for …	Employers that are looking for a plan that is easy/inexpensive to administer, has a discretionary feature for contributions, contributions are immediately 100% vested ,and does not mind the fact that employees can take their contributions at any time.	Employers that are looking for a plan that is easy/ inexpensive to administer, has a mandatory feature for employer contributions, allows employees to share the cost of funding their accounts, contributions are immediately 100% vested, and does not mind the fact that employees can take their contributions at any time.	Employers that are looking for a plan that is easy/ inexpensive to administer, has a mandatory feature for employer contributions, allows employees to share the cost of funding their accounts, and does not mind the fact that employer contributions are 100% immediately vested, though employees must wait for a triggering event to take distributions.	Business where the only eligible employees are the business owners, and their spouses. Business must either have no non-owner (common-law) employees, or all common-law employees who are under age 21 and/or work less than 1,000 hours each year. The business owner must be at least age 21 and work at least 1,000 hours or they too would be ineligible if those requirements are chosen.	Employers that do not mind a plan that involves complex/ costly administration, allows employees to share the cost of funding their retirement accounts, allows a vesting schedule so employees can 'earn' employer contributions, and allows employers to determine when employees can make withdrawals *within certain limits.*	Employers that do not mind a plan with a mid-range cost for administration, has a mandatory feature for employer contributions, allows a vesting schedule so employees can 'earn' their contributions, and allows employers to determine when employees can make withdrawals *within certain limits.*	Employers that do not mind a plan with a mid-range cost for administration, has a discretionary feature for employer contributions, allows a vesting schedule so employees can 'earn' their contributions, and allows employers to determine when employees can make withdrawals *within certain limits.*	Employers that do not mind a plan that involves complex/ costly administration, allows a vesting schedule so employees can 'earn' employer contributions, and allows employers to determine when employees can make withdrawals *within certain limits.*
					The vesting schedule can be an attractive feature for businesses with high employee turnover, if the vesting schedule can be used to prevent employees who work for a short period with the employer from being vested in employer contributions.			

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Disclaimer: ▪ This table provides a high-level comparison of the features and benefits of the plans that are included. More detailed information is required in order to obtain a complete understanding of the features and benefits of a particular retirement plan. ▪ This table is not meant to be used as tax, legal or retirement planning advice. ▪ Individual business owners must seek independent consultation with a professional, who is knowledgeable and demonstrates