

# Retirement plan comparison chart

The following chart briefly summarizes the different types of Retirement Plans available. The rules governing these plans are complex and subject to many exceptions; therefore, you should consult a tax advisor before adopting any retirement plan. All dollar limits are for 2009 and, if not otherwise noted, such limits may be increased in future years to reflect cost of living changes.

Plan	SEP-IRA	SIMPLE IRA	Traditional 401(k)	Safe Harbor 401(k)	Profit Sharing	New Comparability	Traditional Defined Benefit
<b>Business Size</b>	Any size business	1 to 100 employees	Any size business	Any size business	Any size business	Any size business	Any size business
<b>Eligibility<sup>1</sup></b>	Employees with 3 years of service in the past 5 years (including part-time), age 21, and earning more than \$500	Employees earning \$5,000 or more in any past 2 years and current year	Generally, age 21 and over with 1 year of service (1,000 hours)	Generally, age 21 and over with 1 year of service (1,000 hours)	Generally, age 21 and over with 1 year of service (1,000 hours)	Generally, age 21 and over with 1 year of service (1,000 hours)	Generally, age 21 and over with 1 year of service (1,000 hours)
<b>Limits on Employee Pre-Tax Contributions</b>	None. Permitted in SARSEPs established prior to 1997; SARSEPs have been replaced by SIMPLE IRAs	In 2009, the lesser of 100% of compensation <sup>3</sup> or \$11,500. Plus in 2009, an additional catch-up contribution for those age 50 or older of \$2,500.	In 2009, the lesser of 100% of compensation <sup>3</sup> or \$16,500. Plus in 2009, an additional catch-up contribution for those age 50 or older of \$5,500. <sup>4</sup>	In 2009, the lesser of 100% of compensation <sup>3</sup> or \$16,500. Plus in 2009, an additional catch-up contribution for those age 50 or older of \$5,500.	None	None	None
<b>Limits on Employer Contributions<sup>2</sup></b>	Employer determines whether and how much to contribute annually, up to the lesser of 25% of compensation <sup>3</sup> or \$49,000	Either: 1. Match of 100% of employee contributions up to 3% of compensation <sup>3</sup> with advance notice to employees (can be reduced 2 out of 5 years to 1-3%) 2. Non-elective contribution of 2% of compensation <sup>3</sup> to all eligible employees	Optional matching contributions or end-of-year discretionary contribution up to the lesser of 100% of compensation <sup>3</sup> or \$49,000 (less the sum of an employee's pre-tax and after-tax contribution). Employer deduction for the discretionary contribution is limited to 25% of aggregate compensation. <sup>3</sup>	Required Safe Harbor contribution of either: 1. Match of 100% of the first 3% of employee contributions plus 50% of the next 2% 2. Non-elective contribution of 3% of compensation <sup>3</sup> to all eligible employees	Discretionary contributions up to the lesser of 100% of compensation <sup>3</sup> or \$49,000 (less the sum of an employee's pre-tax and after-tax contribution). Employer may deduct up to 25% of aggregate compensation. <sup>3</sup>	Generally, the required minimum contribution to the non-highly compensated employees is the lesser of either: 1. 1/3 of the average contribution to the highly compensated employees, or 2. 5% maximum contribution up to the lesser of 100% of compensation <sup>3</sup> or \$49,000. Employer may deduct up to 25% of aggregate compensation. <sup>3</sup>	Employer contributions are determined by an actuary and are based on the plan's benefit formula and assumptions made with respect to covered employees such as pay increases, turnover, anticipated mortality, investment return, etc. Generally, benefits are limited to 100% of average pay over a certain number of years or \$195,000, whichever is less.
<b>Minimum Vesting Requirements for Employer Contributions</b>	100% vested immediately	100% vested immediately	Graded vesting up to 6 years or cliff vesting up to 3 years	Safe Harbor contribution: 100% vested immediately. Employer contributions: graded vesting up to 6 years or cliff vesting up to 3 years.	Graded vesting up to 6 years or cliff vesting up to 3 years	Graded vesting up to 6 years or cliff vesting up to 3 years	Graded vesting up to 6 years or cliff vesting up to 3 years
<b>Discrimination Testing</b>	None	None	Must be performed annually <sup>4</sup>	None	May be required	May be required	Yes
<b>Form 5500</b>	None	None	Required	Required	Required	Required	Required
<b>Employee Loans Permitted</b>	No	No	At employer's discretion	At employer's discretion	At employer's discretion	At employer's discretion	At employer's discretion
<b>May be best for:</b>	Self-employed and small, closely held businesses looking for a simple plan to administer with flexible contribution options.	Businesses seeking an easy to administer plan that permits salary deferrals. Employers not permitted to have another qualified retirement plan.	Businesses seeking plan design flexibility who want to have all or a portion of the cost of retirement contributions paid by employees.	Businesses that are already making matching contributions to their existing 401(k) or the top heavy minimum contribution. Companies with highly compensated employees who want to make the greatest employee contribution.	Businesses seeking flexible annual contributions and profit-sharing incentives to employees. Can be paired with a 401(k) plan.	Businesses seeking to allocate plan contributions according to employee classification groups. Will provide favorable results when the average age of those in the favored group is at least 5 years greater than the average age of those in the non-favored group. Can be paired with a 401(k) plan.	Businesses looking to make larger contributions on behalf of the owner than they are permitted to make in a defined contribution plan. In an "up" market, employer contributions are reduced. Can be paired with a 401(k) plan.

<sup>1</sup> Other than SEP-IRA and SIMPLE IRA plans, groups of these employees may be excluded from eligibility based on classification other than age or service. Also, eligibility criteria can be more liberal than those described in this row.

<sup>2</sup> If the plan is top heavy, special contributions may apply.

<sup>3</sup> For purposes of calculating limits on contributions and deductions, individual compensation is limited to \$245,000.

<sup>4</sup> Highly compensated employees in a Traditional 401(k) plan may be limited to a reduced employee contribution amount subject to the results of discrimination testing performed each year.

*This chart is not intended to give tax advice. Please consult your tax advisor before investing.*