

Retirement Plans

Fact Sheet

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Retirement Plans Fact Sheet

	SIMPLE IRA	Safe Harbor 401-K	Profit-Sharing Plan
Eligible Employers	Self-employed persons, partnerships, LLC's, or corporations with 100 or fewer employees who do not maintain any other retirement plan.	Self-employed persons, partnerships, LLC's, or corporations.	Self-employed persons, partnerships, LLC's, or corporations.
Eligibility Requirements	<u>Age</u> : No restriction. <u>Earnings and Service</u> : Must be made available to employees who earned at least \$5,000 in any two preceding years and are reasonably expected to earn \$5,000 in the current year.	<u>Age</u> : Must be allowed to participate at age 21. <u>Earnings</u> : No restriction. <u>Service</u> : Must have been employed at least 1,000 hours in the past year; 500 hours in past two years for part-time employees	<u>Age</u> : Must be allowed to participate at age 21. <u>Earnings</u> : No restriction. <u>Service</u> : Must have been employed at least 1,000 hours in the past year; two years, if no vesting period.
Contribution Limits: Employee	Up to \$17,000 for 2026 (\$21,000 if age 50 or older as of 12/31/26 and \$22,250 if age 60-63).	Up to \$24,500 for 2026 (\$32,500 if age 50 or older as of 12/31/26 and \$35,750 if age 60- 63).	Not allowed within the plan.
Employer	Choice of contribution methods: Option 1. A matching contribution of up to 3% of each participant's compensation. Option 2. A flat contribution of 2% of each eligible employee's compensation to a maximum of \$7,200 per employee for 2026 Additional contributions allowed for employers with 25 or fewer employees.	Choice of contribution methods: Option 1. A matching contribution of up to 3% of each participant's compensation plus a 50% match on the next 2% of compensation. Option 2. A flat contribution of 3% of each eligible employee's compensation. Option 3. A matching contribution up to 6% of each participant's compensation. Maximum total contribution for 2026 is \$72,000.	For corporations, 0-25% of participant's eligible compensation or \$72,000 for 2026, whichever is less. Sole proprietors and partners in partnerships and LLC's can contribute up to 20% of net compensation or \$72,000, whichever is less.

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ROTH Contribution Option	Yes	Yes	Yes
Vesting	Always 100%.	Always 100%.	Employer contributions vesting based on IRS schedules, typically 2 -6 years.
Loans	Not allowed.	Optional.	Optional.
Deadline to Establish	By October 1 of the calendar year for which the plan is being established.	By October 1 of the calendar year for which the plan is being established.	Plan and trust must be established by the employer's fiscal year-end (December 31st for calendar year plans).
Contribution Deadline	Employer contributions can be made up to the due date for filing the company's income tax return plus extensions. Employee salary deferral contributions (including self-employed owner deferral) must be made no later than 30 days after pay date.	Employer contributions can be made up to the due date for filing the company's income tax return plus extensions. Employee salary deferral contributions must be made within seven business days or as soon as reasonably possible.	Due date for filing the company's income tax return plus extensions.
Reporting Requirements	Certain annual employee notifications.	IRS Form 5500 and an annual report to employees.	IRS Form 5500 and an annual report to employees.

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Distribution rules	25% penalty tax on premature distributions during first two years of participation, 10% thereafter.	10% penalty tax on premature distributions. Some in-service withdrawals permitted.	10% penalty tax on premature distributions. Some in-service withdrawals permitted.
Rollovers	Participant for two years or less: Permitted to or from another SIMPLE IRA. Participant for more than two years: Permitted to or from a SIMPLE IRA, and to a traditional IRA, Roth IRA or a qualified plan.	Permitted to or from a qualified plan or traditional IRA and to a Roth IRA.	Permitted to or from a qualified plan or traditional IRA and to a Roth IRA.
Pros	Employees can make contributions. Contributions do not have to be made every year. Easy and cost effective to set up and administer.	Employees may participate in funding. Maximize contributions for owners. Automatically pass testing requirements.	Contributions can vary from year to year. Allow higher contribution amount than SIMPLE and more selectivity than a SEP.
Cons	Reduced contribution limits. Match is mandatory. Vesting is immediate.	Administration usually requires hiring a pro. Must provide "safe harbor" contributions for all qualifying employees.	Administration usually requires hiring a pro.