

## Self Employed Retirement Plan Options

Use this chart to help make a self employed retirement plan comparison between the key features of the SEP IRA, Solo 401k, Defined Benefit Plan and SIMPLE IRA.

	Solo 401k	SEP IRA	Defined Benefit Plans	Simple IRA
<b>Who is Eligible for this Retirement Plan?</b>	Self employed individuals with no employees other than a spouse.  Sole Proprietors, LLCs, Partnerships, S and C Corporations.	Self employed individuals with no employees or small businesses with employees.  Sole Proprietors, LLCs, Partnerships, S and C Corporations.	Self employed individuals or small businesses owners with 5 or fewer full time employees.  Sole Proprietors, LLCs, Partnerships, S and C Corporations.	Companies with 100 or fewer employees.  Sole Proprietors, LLCs, Partnerships, S and C Corporations.
<b>Key Retirement Plan Features</b>	Provides benefits similar to a traditional 401(k) with less administration.  May permit greater contributions SEP IRA, SIMPLE IRA or profit sharing plan without the rigid funding requirement of a Defined Benefit Plan.	Easy to administer, low-cost.  No IRS reporting required.  No annual funding required.  Employer must contributions eligible employee accounts in any year that the plan is funded.	Provides the maximum allowable tax deductible retirement plan contributions.	Easy to administer, low-cost.  No IRS reporting required.  Largely funded by employee contributions, but limited employer contributions required.
<b>Employee Contributions</b>	Salary deferrals up to 100% of compensation up to \$18,500 or \$24,500 if age 50+ in 2018.	None	None	Up to 100% of compensation up to \$12,500 or \$15,500 if age 50+ in 2018.
<b>Employer Contributions</b>	Profit sharing contributions up to 25% of compensation.  2018 Solo 401k limit includes the salary deferral plus the profit sharing contributions with a combined limit of \$55,000 or \$61,000 if age 50+. 100% employer funded.	100% employer funded.  Up to 25% of compensation with a maximum of \$55,000 in 2018.	100% employer funded  The annual contributions is calculated annually by an actuary.  Defined benefit plans provide the maximum allowable tax deductible retirement plan contributions.	Employer's have a mandatory match and must select from 1 of 2 matching formulas.  Match employee contributions dollar for dollar up to 3% up to a maximum of \$12,500 in 2018 (\$15,500 if age 50+.  A 2% match of employee compensation to all eligible employees regardless if the employee is electing to defer a portion of their salary or not (up to \$5,500 in 2018).
<b>Required Administrative Filings and Responsibilities</b>	Must file IRS Form 5500 when plan assets are greater than \$250,000.	No employer tax filings.	Annually an actuary makes calculations to determine the amount that needs to be contributions into the plan to ensure the target retirement income goal is reached.	No employer tax filings.
<b>Loan and Withdrawal Information</b>	Tax free loans are permitted. 50% of the total 401k value can be borrowed up to a maximum of \$50,000.	Withdrawals prior to age 59 ½ are permitted, but may be subject to a 10% penalty plus income taxes.	Hardship withdrawals are not permitted. Loans are available if this feature is elected when the plan is adopted.  Receiving a loan may increase the annual required contributions.	Withdrawals prior to age 59 ½ are permitted, but may be subject to a 25% penalty if taken within the first 2 years of participating in a SIMPLE IRA. Also, an additional 10% penalty may apply for withdrawals prior to age 59 ½ in addition to ordinary income taxes.
<b>Setup Deadlines</b>	December 31st or fiscal year end.	Personal tax filing deadline if a sole proprietor plus extensions or the business tax filing deadline if incorporated plus extensions.	Must be set up by December 31st or fiscal year end.	Must be established by October 1st.
<b>More Information</b>	Learn more about the <a href="#">Solo 401k</a>	Learn more about the <a href="#">SEP IRA</a> .	Learn more about the <a href="#">Defined Benefit Plan</a> .	Learn more about the <a href="#">SIMPLE IRA</a> .