



Hunter Benefits Consulting Group

Employer IRA vs. 401(k) Comparison

	SEP-IRA	Simple-IRA	401(k)
Eligible Employers	Any self-employed individual, business owner, or individual who earns more than \$550 self-employed income	Businesses with 100 or fewer eligible employees and who do not currently maintain any other retirement plan	Generally, any business may establish a 401(k)
Key Advantages	Easy to set up and maintain; flexible annual funding requirements	Salary deferral plan with less administration than a 401(k)	Salary deferral plan with higher contribution limits; profit sharing, Roth accounts, loans and deferred vesting available
Funding Responsibility	Employer contributions only	Funded by salary deferral and employer contributions	Funded by salary deferral and employer contributions, if elected under the plan; employer profit sharing
Contribution Flexibility	Contributions are discretionary	Employer contributions are mandatory	Employer matching contributions, if elected under the plan, are mandatory; profit-sharing contributions are discretionary
Maximum Annual Contribution Per Employee	<p>Employee: \$0</p> <p>Employer: The lesser of \$52,000 for 2014 or 25% of annual compensation (25% of self-employed income)</p>	<p>Employee: The lesser of \$12,000 for 2014 or 100% of compensation (plus \$2,500 catch-up for 50+ year olds)</p> <p>Employer: Either match employee contributions dollar for dollar up to 3% of compensation (maximum \$7,800 for the 2014 plan year); can be reduced to as low as 1% in any 2 out of 5 yrs or contribute 2% of each eligible employee's compensation, up to \$5,200 for 2014</p>	<p>Employee: The lesser of \$17,500 for 2014 or 100% of compensation (plus \$5,500 catch-up for 50+ year olds)</p> <p>Employer: May be set by plan</p> <p>Overall maximum contribution (from all sources) is 100% of compensation, not to exceed \$52,000 for 2014 (plus \$5,500 catch-up)</p>



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Catch-up Contributions	None	\$2,500 for ages 50 and up	\$5,500 for ages 50 and up
Roth Accounts	No	No	Yes
Vesting	Contributions are immediately 100% vested	Contributions are immediately 100% vested	Employee salary-deferrals are immediately 100% vested
Loans	No	No	Yes
Age Restriction	May exclude employees under age 21	None	May exclude employees under age 21
IRS Reporting By Employer	None	None	Form 5500
Establishment Deadlines	Employer's tax-filing deadline, including extensions	Oct. 1 of the year in which the plan is being established	The last day of the employer's plan year (usually calendar year)
Employer-paid Fees	None	None	401k Essential Program Startup/document fee of \$750. Admin fee: \$5 per employee with an account balance per month. Minimum annual charge is \$60 per month or \$720 per year, plus an annual plan charge of 10 basis points (0.1%). More complex programs incur additional costs.