

PLAN TYPE 1	CONTRIBUTION PROFILE 2	FEATURE SUMMARY									COMMENTS	
		Contributions		Vesting 3		Plan Administration		Annual Tax Filing		Employee Borrowing on Account		
		Employer	Employee	100% — Immediate 4	Based on yrs of service 5	Minimal	More Substantial	Yes	No	Allowed		Not Allowed
Simplified Employee Pension Plan (SEP)	Employer annually contributes 0-25% of total compensation of eligible employees.	✓		✓		✓				✓		Employer contribution rate can vary from year to year, but generally must be the same percent for all eligible employees in any given year.
SIMPLE IRA	Employees contribute up to \$12,500 ⁶ each in deferred income through payroll deduction. Employer either (1) matches employee contributions dollar for dollar up to 3% of individual employee compensation, or (2) contributes 2% of individual compensation for each eligible employee. If age 50 or older, catch-up contribution of \$3,000 may be allowed.	✓	✓	✓		✓				✓		Employer's choice of either 3% match or 2% contribution option can vary from year to year, but generally must be the same percent for all eligible employees in any given year.
Profit Sharing Plan	A maximum employer contribution of 0-25% of total employee compensation will be deductible. Employer has choices in establishing vesting schedules, contribution amounts, and eligibility.	✓			✓		✓	✓		✓		Along with 401(k) and money purchase pension plan, allows some flexibility on who can be excluded from the plan.
401(k) Deferral Plan	Similar to a profit sharing plan (0-25% employer contribution), except each employee may be able to contribute up to \$18,500 ⁷ in deferred compensation through payroll deduction. If age 50 or older, a \$6,000 catch-up contribution may be allowed.	✓	✓		✓		✓	✓		✓		For many employees, allows a greater self-contribution than under a SIMPLE IRA.
Money Purchase Pension Plan	The employer contribution rate is 0-25% of total employee compensation. A profit sharing plan may be a better choice since it also allows a 25% contribution.	✓			✓		✓	✓		✓		Percent employer contribution selected in first year of plan locks in for subsequent plan years, with some provisions for amendment.

¹ These plan descriptions are not all-inclusive. Before adopting any retirement plan, obtain professional legal and tax advice.

² All employer contributions are generally tax-deductible. Also, for any employee, the maximum total employee/employer contribution in any year is the lesser of (1) \$55,000, or (2) 100% of the employee's compensation. Ages 50 and over may contribute additional catch-up employee deferral of \$6,000. For SIMPLE IRA contribution limits see the SIMPLE IRA contribution profile.

³ An employee is said to be vested when (s)he becomes entitled to all employer contributions made by the employer.

⁴ Under 100%, immediate vesting, the employee is entitled to all employer contributions immediately upon their deposit. Further, these contributions can be withdrawn by the employee at any time, subject to tax penalties. This approach, while attractive to the employee, may defeat the employer's goal of helping employees plan for retirement.

⁵ Under vesting based on years of service, the employee becomes entitled to employer contributions after completing a specified period of employment. Upon vesting, the employee may make withdrawals only in the event of certain maturing events, including termination of service, retirement, death, or disability.

⁶ 2018 — \$12,500. Changes for future tax years are then indexed in \$500 increments.

⁷ 2018 — \$18,500. Changes for future tax years are indexed in \$500 increments.