

2025 · COMMON RETIREMENT PLANS FOR SMALL BUSINESS OWNERS



	SOLO 401(K)	SAFE HARBOR 401(K)	401(K)	PROFIT SHARING PLAN	SIMPLE IRA	SEP IRA
WHAT EMPLOYER IS ELIGIBLE TO OFFER THIS PLAN?	Business or self-employed individual with no employees (other than a spouse)	Any employer	Any employer	Any employer	Employer with 100 or fewer employees who earn at least \$5,000 in a year (and no other retirement plan — unless for collective bargaining employees)	Any employer
WHO CAN PARTICIPATE IN THIS PLAN?	Self-employed individual and spouse who is active in the business (e.g., employee, co-owner)	Eligible employees (can be limited to employees age 21 and over, with at least one year of service (1,000 hours), or 2 years of service if 100% vested) ¹	Eligible employees (can be limited to employees age 21 and over, with at least one year of service (1,000 hours), or 2 years of service if 100% vested) ¹	Eligible employees (can be limited to employees age 21 and over, with at least one year of service (1,000 hours), or 2 years of service if 100% vested) ¹	Employees who earned at least \$5,000 in any prior 2 years and are expected to earn \$5,000 this year	Eligible employees, including household employees (can be limited to employees age 21 and over, with service in 3 of the prior 5 years and earning at least \$750 in 2025)
HOW MUCH CAN PARTICIPANTS CONTRIBUTE TO THIS PLAN (ELECTIVE DEFERRALS)?	Up to the lesser of 100% of earned income or \$23,500 (\$7,500 catch-up age 50+)	Up to the lesser of 100% of earned income or \$23,500 (\$7,500 catch-up age 50+)	Up to the lesser of 100% of earned income or \$23,500 (\$7,500 catch-up age 50+)	Participants cannot contribute to this plan	The lesser of 1) 100% of compensation, or 2) \$16,500 (\$3,500 catch-up age 50+) plus 10% (if eligible).	Participants cannot contribute to this plan
HOW MUCH MUST AN EMPLOYER CONTRIBUTE TO THIS PLAN?	Employer has full discretion whether to contribute or not	Employer must either (1) make a nonelective contribution of 3% of participant's compensation or (2) match participant deferrals up to 4% of their compensation, depending upon plan	Employer has full discretion whether to contribute or not	Employer has full discretion whether to contribute or not, up to 25% of the participant's compensation	Employer must make 2% in nonelective contributions or 3% in matching deferrals. Additional nonelective contributions are also allowed (i.e., the lesser of \$5,000 or 10% of employee's compensation).	Employer has full discretion whether to contribute or not, but generally must make uniform % payments to all participants
WHAT IS THE AGGREGATE ANNUAL CONTRIBUTION LIMIT (EMPLOYER AND PARTICIPANT CONTRIBUTIONS AND FORFEITURES)?	Up to the lesser of 100% of earned income ² or \$70,000 (\$77,500 with catch-up) (employer contribution can't exceed 25% of gross W-2 income per employee, 20% of net income for sole proprietor/partnership)	Up to the lesser of 100% of compensation ² or \$70,000 (\$77,500 with catch-up)	Up to the lesser of 100% of compensation ² or \$70,000 (\$77,500 with catch-up)	Up to the lesser of 25% of compensation ² or \$70,000	Sum of maximum employer and participant contributions above	Up to the lesser of 25% of compensation ² or \$70,000 (special rules apply for self-employed)

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	SOLO 401(K)	SAFE HARBOR 401(K)	401(K)	PROFIT SHARING PLAN	SIMPLE IRA	SEP IRA
MAY LOANS BE PERMITTED?	Yes	Yes	Yes	Yes	No	No
IS THIS PLAN SUBJECT TO ANNUAL TESTING?	No	No	Yes	Yes	No	Yes
ARE CONTRIBUTIONS VESTED?	Yes, 100%	Yes for 100% of participant and employer safe harbor contributions, but a vesting schedule is allowed for additional employer contributions	Yes for 100% of participant contributions, but a vesting schedule is allowed for employer contributions	A vesting schedule is allowed	Yes, 100%	Yes, 100%
WHEN IS THE DEADLINE FOR ESTABLISHING THIS PLAN FOR THIS TAX YEAR?	Income tax filing deadline excluding extensions ³	Last day of employer's taxable year	Last day of employer's taxable year	Income tax filing deadline including extensions	October 1 (if business is formed after this date, as soon as feasible)	Income tax filing deadline including extensions
WHEN IS THE DEADLINE FOR FUNDING EMPLOYER CONTRIBUTIONS FOR THIS TAX YEAR?	Income tax filing deadline including extensions	Income tax filing deadline including extensions	Income tax filing deadline including extensions	Income tax filing deadline including extensions	Income tax filing deadline including extensions (unless DOL rules apply earlier date)	Income tax filing deadline including extensions
MUST FORM 5500 BE FILED ANNUALLY WITH THE IRS?	Yes, if plan balance is above \$250,000	Yes	Yes	Yes	No	No
ARE PARTICIPANTS PERMITTED TO WITHDRAW FROM THIS PLAN?	Withdrawals are not permitted until a specified event (e.g., age 59.5, separation from service, or other trigger per plan) or hardship (if permitted). Withdrawals are subject to income tax (unless Roth) and possible 10% penalty	Withdrawals are not permitted until a specified event (e.g., age 59.5, separation from service, or other trigger per plan) or hardship (if permitted). Withdrawals are subject to income tax (unless Roth) and possible 10% penalty	Withdrawals are not permitted until a specified event (e.g., age 59.5, separation from service, or other trigger per plan) or hardship (if permitted). Withdrawals are subject to income tax (unless Roth) and possible 10% penalty	Withdrawals are permitted, but are subject to income tax and possible 10% penalty	Withdrawals are permitted, but are subject to income tax (unless Roth) and possible 10% penalty (25% penalty within first 2 years)	Withdrawals are permitted, but are subject to income tax (unless Roth) and possible 10% penalty
CAN THIS PLAN OFFER A ROTH PROGRAM?	Yes	Yes	Yes	No	Yes	Yes

***Many factors / features may be modified by the employer. Review plan options and terms.**

¹Note the changes introduced by Section 112 of the SECURE Act and Section 125 of SECURE Act 2.0 regarding long-term part-time employees.

²401(a)(17) compensation limit of \$350,000 applies.

³Income tax filing deadline excluding extensions applies to sole proprietorships or LLCs taxed as a sole proprietorship.

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