

	2024 RETIREMENT PLAN COMPARISON CHART						
	SIMPLE-IRA	SEP-IRA	Solo 401(k)	401(k) Plan	Safe Harbor 401(k) Plan	Profit Sharing Plan	Cash Balance Plan
<b>Target or Typical Plan Sponsor</b>	All businesses with fewer than 100 employees.	All businesses.	All businesses with <u>no common law employees</u> .	All businesses, except governmental agencies.	All businesses, except governmental agencies.	All businesses.	All highly profitable businesses with consistent profit patterns.
<b>Advantages</b>	Provides pre-tax retirement savings and easy administration. No tax filings required.	All businesses.	Allows sole-proprietors the ability to contribute maximum deferrals plus 20% to 25% of their income to a bankruptcy proof trust. No tax filings until assets reach \$250K	Provides an effective tax tool and employee benefit with employer control. Roth contributions allowed for high income taxpayers.	Great for small, family owned businesses who wish to avoid ADP/ACP and Top-Heavy discrimination tests. Roth contributions allowed.	Often added to a 401k giving the sponsor the discretion to contribute a total of 25% of eligible plan compensation. Contribution amounts can vary greatly among owners and eligible employees.	Allows owners who are 40+ to contribute much higher contributions per year. Cash Balance plans are paired with 401k plans to achieve individual contribution limits of \$135,000 to \$300,000+.
<b>Funded By</b>	Employee and employer.	Employer.	Employee and employer.	Employee and employer.	Employee and employer.	Employer.	Employer.
<b>Eligibility Requirements</b>	Employees earning \$5,000 in two prior years.	May impose age 21 with any service in three out of five years.	Varies depending on situation.	May impose age 21 and 1 year of service with 1,000 hours.	May impose age 21 and 1 year of service with 1,000 hours.	May impose age 21 and 1 year of service with 1,000 hours. 2 years if 100% vesting.	May impose age 21 and 1 year of service with 1,000 hours.
<b>Maximum Annual Individual Contribution</b>	100% of compensation up to \$16,000 (indexed) Additional \$3,500 in catch-up deferrals if age 50+.	Not applicable.	100% of Income up to \$23,000 in employee deferrals (indexed). Additional \$7,500 in catch-up deferrals if age 50+.	100% of compensation up to \$23,000 in employee deferrals (indexed). Additional \$7,500 in catch-up deferrals if age 50+.	100% of compensation up to \$23,000 in employee deferrals (indexed). Additional \$7,500 in catch-up deferrals if age 50+.	Not applicable.	Not applicable.
<b>Maximum Annual Employer Contribution</b>	Choice of two required contributions: 1. Match 100% up to 3% of compensation OR 2. Contribution of 2% of compensation to all eligible employees. The match can be reduced in 2 out of 5 years. No additional employer contributions are allowed.	Discretionary employer contributions up to 25% of eligible employee compensation with a maximum of \$69,000 for 2023. If contribution is made, requires 100% participation of all eligible employees.	20% of Schedule C Income or K-1 income and 25% of W-2 Income PLUS \$23,000 in employee deferrals (indexed). Additional \$7,500 in catch-up deferrals if age 50 at anytime during the plan year. Income is limited to \$345K (indexed)	25% of eligible employee compensation. Individual eligible employee compensation is limited to \$345K (indexed). Individual total contributions may not exceed \$69,000 / \$76,500 if catch-up eligible (indexed).	Choice of one Safe Harbor Match formula or SH Non-Elective: 1(a). Basic Match 100% up to 3% of compensation plus 50% of next 2% of compensation. 1(b). Enhanced Match 100% up to 4% of compensation. (The enhanced match is easier to explain and setup on payroll). OR 2. Contribution of 3% of compensation to all eligible employees.	Discretionary contributions up to 25% of eligible employee compensation. Individual eligible employee compensation is limited to \$345K (indexed). Individual total contributions may not exceed \$69,000 (indexed).	Contributions are MANDATORY and based on age and wage. Owner contributions are often set at a percentage of income which may be adjusted every 3 to 5 years. Wages are limited to \$345,000 (indexed). Individual contribution limits from \$135,000 to \$300,000+ per person depending on age and wage.
<b>Vesting Schedule and Conditions</b>	100% immediate vesting.	100% immediate vesting.	100% immediate vesting.	Vesting schedule available. Employer contributions may be subject to requirements such as 1,000 hours of service and/or employment on the last day of the plan year.	100% immediate vesting on all Safe Harbor contributions. Additional discretionary employer contributions may be subject to a vesting schedule.	Vesting schedule available. Contributions may be subject to requirements such as 1,000 hours of service and/or employment on the last day of the plan year.	Vesting schedule available. Employer contributions are not subject to requirements in most cases in order to pass the discrimination tests.
<b>Discrimination Testing &amp; Government Reporting</b>	ADP - No Top Heavy - No Govt. Reporting - No	ADP/ACP - No Top Heavy - Yes Govt. Reporting - No	ADP/ACP - No Top Heavy - No Govt. Reporting if >\$250K	ADP/ACP - Yes Top Heavy - Yes Govt. Reporting - Yes	ADP/ACP - No Top Heavy - No Govt. Reporting - Yes	ADP/ACP - No Top Heavy - Yes Govt. Reporting - Yes	ADP/ACP - No Top Heavy - Yes Govt. Reporting - Yes
<b>Loans Available</b>	No	No	Yes	Yes	Yes	Yes	Yes
<b>When to Establish</b>	No later than October 1st.	Anytime prior to tax filing.	Prior to fiscal year end.	Prior to fiscal year end.	No later than 3 months prior to plan year-end.	Prior to fiscal year end.	Prior to fiscal year end.

Source: [www.irs.gov](http://www.irs.gov), IRS Publication 590 A-B



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