

| 2013 | Payroll Deduction IRA | SEP | SIMPLE IRA | 401(k) | Profit Sharing | Money Purchase | Defined Benefit |
|--|--|---|--|---|--|---|---|
| Key Advantage | Easy to set up and maintain. | Easy to set up and maintain. | Salary reduction plan with little administrative paperwork. | Permits high level of salary deferrals by employees. | Permits employer to make large contributions for employees. | Permits employer to make large contributions for employees. | Provides a fixed, pre-established benefit for employees. |
| Employer Eligibility | Any employer with one or more employees. | Any employer with one or more employees. | Any employer with 100 or fewer employees that does not currently maintain another retirement plan. | Any employer with one or more employees. | Any employer with one or more employees. | Any employer with one or more employees. | Any employer with one or more employees. |
| Employer's Role | Arrange for employees to make payroll deduction contributions. Transmit contributions for employees to IRA. No annual filing requirement for employer. | May use IRS Form 5305-SEP to set up the plan. No annual filing requirement for employer. | May use IRS Forms 5304-SIMPLE or IRS Form 5305-SIMPLE to set up the plan. No annual filing requirement for employer. Bank or financial institution processes most of the paperwork. | No model form to establish this plan. Advice from a financial institution or employee benefit advisor may be necessary. Annual filing of IRS Form 5500 is required. Also may require annual nondiscrimination testing to ensure plan does not discriminate in favor of highly compensated employees. | No model form to establish this plan. Advice from a financial institution or employee benefit advisor may be necessary. Annual filing of IRS Form 5500 is required. | No model form to establish this plan. Advice from a financial institution or employee benefit advisor may be necessary. Annual filing of IRS Form 5500 is required. | No model form to establish this plan. Advice from a financial institution or employee benefit advisor would be necessary. Annual filing of IRS Form 5500 is required. An actuary must determine annual contributions. |
| Contributors to the Plan | Employee contributions remitted through payroll deduction. | Employer contributions only. | Employee salary reduction contributions and employer contributions. | Employee salary reduction contributions and may be employer contributions. | Annual employer contribution is discretionary. | Employer contributions are fixed. | Primarily funded by employer. |
| Maximum Annual Contribution (per participant) | \$5,500 for 2013. Additional contributions of up to \$1,000 in 2013 can be made by participants age 50 or over. | Up to 25% of compensation ¹ but no more than \$51,000 for 2013. | Employee: Up to \$12,000 (for 2013). Additional contributions of up to \$2,500 for 2013 can be made by participants age 50 or over. Employer: Either match employee contributions 100% of first 3% of compensation (can be reduced to as low as 1% in any 2 out of 5 yrs.); or contribute 2% of each eligible employee's compensation. ² | Employee: Up to \$17,500 for 2013. Additional contributions of up to \$5,500 in 2013 can be made by participants age 50 or over. Employer/Employer Combined: Up to the lesser of 100% of compensation ¹ or \$50,000. Employer can deduct amounts that do not exceed 25% of aggregate compensation for all participants. | Contributions per participant up to the lesser of 100% of compensation ¹ or \$51,000. Employer can deduct amounts that do not exceed 25% of aggregate compensation for all participants. | Contributions per participant up to the lesser of 100% of compensation ¹ or \$51,000. Employer can deduct amounts that do not exceed 25% of aggregate compensation for all participants. | Actuarially determined contribution. |
| Contributor's Options | Employee can decide how much to contribute at any time. | Employer can decide whether to make contributions year-to-year. | Employee can decide how much to contribute. Employer must make matching contributions or contribute 2% of each employee's compensation. | Employee can elect how much to contribute pursuant to a salary reduction agreement. The employer can make additional contributions, including possible matching contributions, as set by plan terms. | Employer makes contribution as set by plan terms. Employee contributions, if allowed, as set by plan terms. | Employer makes contribution as set by plan terms. | Employer generally required to make contribution as set by plan terms. |
| Minimum Employee Coverage Requirements | There is no requirement. Coverage can be made available to any employee. | Must be offered to all employees who are at least 21 years of age, employed by the employer for 3 of the last 5 years, and had earned income of \$550 (for 2013). | Must be offered to all employees who have compensation of at least \$5,000 in any prior 2 years, and are reasonably expected to earn at least \$5,000 in the current year. | Generally, must be offered to all employees at least 21 years of age who worked at least 1,000 hours in a previous year. | Generally, must be offered to all employees at least 21 years of age who worked at least 1,000 hours in a previous year. | Generally, must be offered to all employees at least 21 years of age who worked at least 1,000 hours in a previous year. | Generally, must be offered to all employees at least 21 years of age who worked at least 1,000 hours in a previous year. |
| Withdrawals, Loans and Payments | Withdrawals permitted anytime subject to federal income taxes; early withdrawals subject to an additional tax (special rules apply to Roth IRAs). | Withdrawals permitted anytime subject to federal income taxes; early withdrawals subject to an additional tax. | Withdrawals permitted anytime subject to federal income taxes; early withdrawals subject to an additional tax. | Withdrawals permitted after a specified event occurs (e.g., retirement, plan termination, etc.) subject to Federal income taxes. Plan may permit loans and hardship withdrawals; early withdrawals subject to an additional tax. | Withdrawals permitted after a specified event occurs (e.g., retirement, plan termination, etc.) subject to federal income taxes. Plan may permit loans and hardship withdrawals; early withdrawals subject to an additional tax. | Payment of benefits after a specified event occurs (e.g. retirement, etc.) subject to federal income taxes. Plan may permit loans; early withdrawals subject to an additional tax. | Payment of benefits after a specified event occurs (e.g. retirement, plan termination, etc.). Plan may permit loans; early withdrawals subject to an additional tax. |
| Vesting | Contributions are immediately 100% vested. | Contributions are immediately 100% vested. | Employee salary reduction contributions and employer contributions are immediately 100% vested. | Employee salary deferrals are immediately 100% vested. Employer contributions may vest over time according to plan terms. | May vest over time according to plan terms. | May vest over time according to plan terms. | Right to benefits may vest over time according to plan terms. |

Source: Internal Revenue Service publication 3998, Choosing a Retirement Solution for Your Small Business, Revised October 2010.
Internal Revenue Service article IR-2011-103, COLA Increases for Dollar Limitations on Benefits and Contributions, October 20, 2011

¹ Maximum compensation on which 2013 contribution can be based is \$255,000

² Maximum compensation on which 2013 employer 2% non-elective contributions can be based is \$255,000.