

2025 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
When to Establish:	Any date between Jan 1 and Oct 1.	Anytime prior to tax filing.	Ideally prior to fiscal year end.	Ideally prior to fiscal year end.	Depends on safe harbor.	Anytime prior to tax filing.	Anytime prior to tax filing.
Typical Plan Sponsor:	Small business – generally with 100 or fewer employees	A business of any size, even self-employed.	All businesses with no common law employees.	All businesses except gov't agencies.	All businesses except gov't agencies.	All businesses	All highly profitable businesses with consistent profit patterns
Advantages:	Easy and inexpensive to set up and operate. Employees share responsibility for their retirement. No discrimination testing required. Inflexible contributions. Lower contribution limits than some other retirement plans.	Easy to set up and manage for employees and employers. Contributions are tax-deferred for the employee and tax-deductible for the business. Annual contribution limits are higher than with traditional IRAs. Employers have greater flexibility on contribution percentages.	Allows sole-proprietors the ability to contribute maximum deferrals plus contribute up 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. Roth conversion allowed.	Often added to a 401(k) 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 to much higher contributions per year. Cash Balance plans are paired with 401(k) plans to achieve individual contribution limits up to \$280,000 .
Funded By:	Employee & Employer	Employer	Employee & Employer	Employee & Employer	Employee & Employer	Employer	Employer
Eligibility Requirements:	Employees earning \$5,000 in up to two prior years and are expected to earn at least \$5,000 in the current calendar year.	May impose age 21 with any service in 3 out of 5 years and have earned at least \$750 in compensation during the year.	You must produce your income from your own business. And the business must be run by you alone, or you and your spouse.	May impose age 21 and 1 year of service with 1,000 hours, part-time employees who have worked at least 500 hours per year for two consecutive years must also be allowed to participate.	May impose age 21 and 1 year of service with 1,000 hours. Employers may choose to set less restrictive criteria.	May impose age 21 and 1 year of service with 1,000 hours. 2 years if 100% vested.	May impose age 21 and 1 year of service with 1,000 hours.
Maximum Annual Individual Contribution:	Employees can contribute up to 100% of their compensation to a SIMPLE IRA, with a maximum limit of \$16,500 . Individuals aged 50 and older can make an additional catch-up contribution of \$3,500 , bringing their total possible contribution to \$20,000 .	Individuals cannot defer their salary to make contributions to a SEP IRA. However, they may be able to make traditional IRA contributions to a SEP IRA of up to \$7,000 (\$8,000 for individuals age 50 or older).	Individuals can contribute up to 100% of their compensation to a Solo 401(k), with a maximum employee deferral limit of \$23,500 . For those aged 50 and older, an additional catch-up contribution of \$7,500 is allowed, bringing the total possible employee contribution to \$31,000 .	Employees can contribute up to 100% of their compensation to a 401(k) plan, with a maximum employee deferral limit of \$23,500 . Individuals aged 50 and older can make an additional catch-up contribution of \$7,500 , bringing the total possible employee contribution to \$31,000 .	Participants in a Safe Harbor 401(k) plan can contribute up to 100% of their compensation as employee deferrals, with a maximum limit of \$23,500 . Individuals aged 50 and older can make an additional catch-up contribution of \$7,500 , bringing their total possible employee contribution to \$31,000 .	Profit Sharing Plans are funded solely by employer contributions; employees do not make individual contributions. Employers have the discretion to contribute up to 25% of eligible compensation for each participant, with the total contribution per participant not exceeding \$70,000 .	Cash Balance Plans are funded solely by employer contributions, with the maximum annual benefit for participants set at \$280,000 .
Maximum Annual Employer Contribution:	Two contributions: 1. Match 100% up to 3% of employee's compensation. 2. Contribution of 2% of compensation to all eligible employees. Maximum compensation considered for this contribution is \$350,000 , resulting in a maximum nonelective contribution of \$7,000 per eligible employee. Employers may choose to make extra nonelective contribution of up to 10% of compensation or \$5,000 .	Employers can make discretionary contributions to SEP IRAs up to the lesser of 25% of an eligible employee's compensation or \$70,000 .	Think of yourself as two people: an employer and an employee. Within that overall \$70,000 . Employees may defer up to 100% of your compensation, with a maximum limit of \$23,500 . Employers can contribute up to 25% of compensation as defined by the plan. Please note that the compensation used to calculate these contributions is capped at \$350,000 .	Employers can contribute up to 25% of an eligible employee's compensation to a 401(k) plan. The maximum compensation that can be considered for contributions is \$350,000 . The total combined contribution limit for both employee and employer contributions is \$70,000 .	Choice of one Safe Harbor Match formula or SH Non-Elective: 1a. Basic Match: 100% up to 3% of compensation plus 50% of the next 2% of compensation. 1b. Enhanced Match: 100% up to 4% of compensation (the enhanced match is easier to explain or set up on payroll). 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 \$350,000 (indexed). Individual total contributions may not exceed \$70,000 (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 \$350,000 (indexed). Individual contribution limits up to \$280,000 per person depending on age and wage.
Vesting Schedule & Conditions:	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.



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