



2012 AIC Retirement Plan Comparison

	SEP	Simple	Profit Sharing	Money Purchase	401(k)	Safe Harbor 401(k)	Defined Benefit
May Be Suitable For	Small Businesses or Sole Proprietors willing to solely fund a retirement plan with minimal IRS filings and paperwork	Sole Proprietors, Governmental, tax-exempt, and for-profit entities with fewer than 100 eligible employees looking for less administrative requirements than a 401(k) Plan.	Employers looking to offer employees a retirement plan and willing to solely fund the plan with discretionary contribution amounts. Can be combined with a 401(k) plan on one plan document.	Employers looking to offer employees a retirement plan and willing to make a fixed contribution amount each year.	Small to large employers (for-profit or tax-exempt) who want to offer a voluntary salary reduction plan to their employees and have a maximum number of plan design options.	Small to large employers (for-profit or tax-exempt) who want to offer a voluntary salary reduction plan to their employees and minimize the complexity in administering a 401(k) plan while improving its ability to provide a better retirement benefit to the higher paid employees.	Small companies where the owners are looking to maximize their contributions. Is the only plan that will allow more than \$46,000 per individual. Works best when the business owner is much older than the employees.
Contribution Types	Employer Funded Plan. Contributions are discretionary.	Required Employer contribution. Voluntary Employee pre-tax contribution.	Employer Funded Plan. Contributions are discretionary.	Employer Funded Plan. Contribution Rate is fixed and required.	Voluntary Employee pre-tax contributions. May include discretionary employer profit sharing or matching contribution.	Employee salary reduction contributions and a prescribed level of matching contribution (usually 100% up to first 3% of compensation and a 50% match on elective deferrals between 3% and 5% of compensation) or a 3% of compensation non-elective contribution to all eligible NHCEs; and a timely notice to all eligible employees of their rights and obligations under the plan.	Required employer funded plan. Contribution amount is actuarially determined each year. If employee deferrals are important a 401(k) deferral only Plan can be set up to run simultaneously. This will allow the owner to contribute an additional \$15,500 to \$20,500 of his/her salary on top of the DB Contribution.
Maximum Eligibility Requirement - Age	21	None	21	21	21	21	21
Maximum Eligibility Requirement - Service	Worked 3 of the 5 preceding years with the employer making at least \$500 in each year.	Earned at least \$5,000 during any two preceding years and expected to earn \$5,000 or more in current year.	1 Year of Service - 12 months in which the employee worked at least 1,000 hours. Or 2 years with 100% vesting	1 Year of Service - 12 months in which the employee worked at least 1,000 hours. Or 2 years with 100% vesting	1 Year of Service - 12 months in which the employee worked at least 1,000 hours. Or 2 years with 100% vesting	1 Year of Service - 12 months in which the employee worked at least 1,000 hours. Or 2 years with 100% vesting	1 Year of Service - 12 months in which the employee worked at least 1,000 hours. Or 2 years with 100% vesting
Vesting on Employer Contributions	100% Immediate	100% Immediate	3 vesting schedules: immediate, cliff, and graded.	3 vesting schedules: immediate, cliff, and graded.	3 vesting schedules: immediate, cliff, and graded.	100% Immediate Contributions in excess of the safe harbor requirements can be on a vesting schedule	3 vesting schedules: immediate, cliff, and graded.
Pre-tax deferral	No	Yes	No	No	Yes	Yes	No
Limit		\$11,500			\$17,000	\$17,000	(only if 401k is added)
Catch-up contributions	No	\$2,500	No	No	\$5,500	\$5,500	(only if 401k is added)
Subject to ADP testing	No	No	No	No	Yes, unless certain Safe Harbor provisions are used.	No	No
Subject to Top Heavy Testing	Yes	No	Yes	Yes	Yes, unless certain Safe Harbor provisions are used.	No, if Safe Harbor provisions are used.	Yes
Maximum Plan Level Contribution Limit	25% of Total Eligible Compensation	No	25% of Total Eligible Compensation	25% of Total Eligible Compensation	25% of Total Eligible Compensation	25% of Total Eligible Compensation	None
Maximum Individual Contribution Limit	25% of Gross Compensation or \$50,000	No	100% of Gross Compensation not to Exceed \$50,000	100% of Gross Compensation not to Exceed \$50,000	100% of Gross Compensation not to Exceed \$50,000	100% of Gross Compensation not to Exceed \$50,000	Actuarial calculation/ Max Annual Benefit \$200,000
Compensation Limit	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Form IRS reporting	5305	5305	5500	5500	5500	5500	5500
Loans	No	No	Yes	Yes	Yes	Yes	Yes
Social Security Wage Base	\$110,100	\$110,100	\$110,100	\$110,100	\$110,100	\$110,100	\$110,100
Highly Compensated Employee	Earned \$115,000+ in 2011	Earned \$115,000+ in 2011	Earned \$115,000+ in 2011	Earned \$115,000+ in 2011	Earned \$115,000+ in 2011	Earned \$115,000+ in 2011	Earned \$115,000+ in 2011