



WHICH RETIREMENT PLAN WORKS BEST FOR YOUR BUSINESS?

THE ADVANTAGES

As an employer:

- Save for your own retirement
- Receive tax credits and other incentives from government
- Attract and keep better employees
- Deduct all employer contributions from current taxes

Your employees benefit because they can:

- Invest for the future
- Put away more money for retirement through small plan business plan than through an IRA
- Realize tax-deferred growth of investments
- Motivated employees with a complete benefits package
- Take advantage of our experience to educate all the employees

ROYAL ROAD WEALTH PARTNERS 2019 RETIREMENT PLAN COMPARISON CHART

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	SIMPLE-IRA	SEP-IRA	Solo 401(k)	401(k) Plan	Safe Harbor 401(k) Plan	Profit Sharing Plan
Target or Typical Plan Sponsor	All businesses with fewer than 100 employees.	All businesses.	All businesses with <u>no</u> common law employees.	All businesses, except governmental agencies.	All businesses, except governmental agencies.	All businesses.
Advantages	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.
Funded By	Employee and employer.	Employer.	Employee and employer.	Employee and employer.	Employee and employer.	Employer.
Eligibility Requirements	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.
Maximum Annual Individual Contribution	100% of compensation up to \$13,000 (indexed) Additional \$3,000 in catch-up deferrals if age 50+.	Not applicable.	100% of Income up to \$19,000 in employee deferrals (indexed). Additional \$6,000 in catch-up deferrals if age 50+.	100% of compensation up to \$19,000 in employee deferrals (indexed). Additional \$6,000 in catch-up deferrals if age 50+.	100% of compensation up to \$19,000 in employee deferrals (indexed). Additional \$6,000 in catch-up deferrals if age 50+.	Not applicable.
Maximum Annual Employer Contribution	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.	20% of Schedule C Income or K-1 income and 25% of W-2 Income PLUS \$19,000 in employee deferrals (indexed). Additional \$6,000 in catch-up deferrals if age 50 at anytime during the plan year. Income is limited to \$280K (indexed)	25% of eligible employee compensation. Individual eligible employee compensation is limited to \$280K (indexed). Individual total contributions may not exceed \$56,000 / \$62,000 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 \$280K (indexed). Individual total contributions may not exceed \$56,000 (indexed).
Vesting Schedule and 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.
Discrimination Testing & Gov't Reporting	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
Loans Available	No	No	Yes	Yes	Yes	Yes
When to Establish	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.