

# SMALL BUSINESS ACCOUNTS COMPARISON GUIDE



## SEP

ELIGIBILITY	CONTRIBUTION LIMITS	HIGHLIGHTS	DEADLINES
<ul style="list-style-type: none"> <li>Self-employed individuals or small business owners, including those with employees: Sole proprietors, Partnership C corporations, S corporations.</li> </ul>	<ul style="list-style-type: none"> <li>25% of compensation or maximum cap for the year (the lesser amount)</li> <li>2023 max: \$66,000</li> <li>2024 max: \$69,000</li> <li>Each eligible employee must receive the same percentage</li> <li>Contributions are not mandatory</li> </ul>	<ul style="list-style-type: none"> <li>Tax- deferred- so you don't pay taxes until withdrawn at retirement</li> <li>Employer contributions are deductible as a business expenses. Employer's own contribution is deductible on their personal tax return.</li> </ul>	<p><b>Establishment Deadline:</b> April 15 or your tax-filing deadline plus extensions</p> <p><b>Employer Contribution Deadline:</b> April 15 or your tax-filing deadline plus extensions</p>

## SIMPLE

ELIGIBILITY	CONTRIBUTION LIMITS	HIGHLIGHTS	DEADLINES
<ul style="list-style-type: none"> <li>Businesses with 100 or fewer employees: Sole proprietors, Partnerships, C corporations, S corporations</li> <li>Participating employees must have earned at least \$5,000 in compensation during any 2 years preceding</li> </ul>	<p><b>Employer:</b> mandatory 3% matching contribution or 2% non-elective contribution</p> <p><b>Employee:</b> 2023: Max \$15,500 (\$19,000 if age 50 or older) 2024: Max \$16,000 (\$19,500 if age 50 or older)</p>	<ul style="list-style-type: none"> <li>Tax deferred- so you don't pay taxes until withdrawn at retirement</li> <li>Employer contributions are deductible as business expenses</li> <li>Funded by employee deferrals and employer contributions</li> </ul>	<p><b>Establishment Deadline</b> Jan. 1- Oct.1 (If company was established after 10/1, as soon as administratively feasible)</p> <p><b>Employer Contribution Deadline:</b> The employer's tax return due date plus extensions</p> <p>Deferrals must be deposited within 7 business days. Self-employed owners must deposit their deferrals by January 30</p>

## SOLO 401(k)

ELIGIBILITY	CONTRIBUTION LIMITS	HIGHLIGHTS	DEADLINES
<ul style="list-style-type: none"> <li>Must have a business.</li> <li>Business owner(s) and their spouse(s)</li> <li>Cannot have any employees</li> </ul>	<p><b>Employer Contributions</b> The maximum is the lesser of 25% of an employee's compensation up to the maximum limit (including employee contributions) 2023: \$66,000 2024: \$69,000</p> <p><b>Employee Elective Deferrals</b> 2023 max: \$22,500 2024 max: \$23,000 (\$7,500 catch up if age 50 or older)</p>	<ul style="list-style-type: none"> <li>Lowers business taxable income</li> <li>Contributions can be made as employer and employee</li> <li>Can borrow from plan</li> <li>Roth contributions. You don't pay taxes when withdrawn at retirement</li> <li>In-plan Roth Rollovers (Conversions) are allowed</li> </ul>	<p><b>Establishment Deadline</b> The employer's tax return due date plus extensions</p> <p><b>Contribution Deadline</b> Employer contributions are due by the employer's tax return due date plus extensions. W-2 deferrals must be deposited within 7 business days.</p> <p>Self-employed deferrals must be made by April 15th not including extensions</p>

# INDIVIDUAL ACCOUNTS COMPARISON GUIDE

## ROTH

<b>ELIGIBILITY</b> <ul style="list-style-type: none"> <li>No age limit</li> <li>Must have earned income</li> </ul>	<b>CONTRIBUTION LIMITS</b> <ul style="list-style-type: none"> <li>2023: \$6,500 (\$7,500 if age 50 or older)</li> <li>2024: \$7,000 (\$8,000 if age 50 or older)</li> <li>Contributions are not tax-deductible</li> </ul>	<b>HIGHLIGHTS</b> <ul style="list-style-type: none"> <li>Earnings grow tax-free</li> <li>Taxes are paid up front, so you're able to withdraw contributions tax-free and penalty-free at any time</li> </ul>	<b>DEADLINES</b> <p><b>Establishment Deadline</b> Tax-filing deadline</p> <p><b>Contribution Deadline</b> Tax-filing deadline which is typically April 15</p>
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## TRADITIONAL

<b>ELIGIBILITY</b> <ul style="list-style-type: none"> <li>No age limit</li> <li>Must have earned income</li> </ul>	<b>CONTRIBUTION LIMITS</b> <ul style="list-style-type: none"> <li>2023: \$6,500 (\$7,500 if age 50 or older)</li> <li>2024: \$7,000 (\$8,000 if age 50 or older)</li> </ul>	<b>HIGHLIGHTS</b> <ul style="list-style-type: none"> <li>Tax-deductible contributions based on Modified Adjusted Gross Income (MAGI)</li> </ul>	<b>DEADLINES</b> <p><b>Establishment Deadline</b> Tax-filing deadline</p> <p><b>Contribution Deadline</b> Tax-filing deadline which is typically April 15</p>
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	Roll To							
	Roth IRA	Traditional IRA	SIMPLEIRA	SEP-IRA	Governmental 457(b)	Qualified Plan <sup>1</sup> (Pre-tax)	403(B) (PRE-TAX)	DESIGNATED ROTH ACCOUNT (401(K), 403(B) OR 457(B))
	Yes <sup>2</sup>	No	No	No	No	No	No	No
Traditional IRA	Yes <sup>3</sup>	Yes <sup>2</sup>	Yes <sup>2,7</sup> , after two years	Yes <sup>2</sup>	Yes <sup>4</sup>	Yes	Yes	No
SIMPLE IRA	Yes <sup>3</sup> , after two years	Yes <sup>2</sup> , after two years	Yes <sup>2</sup>	Yes <sup>2</sup> , after two years	Yes <sup>4</sup> , after two years	Yes, after two years	Yes, after two years	No
SEP-IRA	Yes <sup>3</sup>	Yes <sup>2</sup>	Yes <sup>2,7</sup> , after two years	Yes <sup>2</sup>	Yes <sup>4</sup>	Yes	Yes	No
Governmental 457(b)	Yes <sup>3</sup>	Yes	Yes <sup>7</sup> , after two years	Yes	Yes	Yes	Yes	Yes <sup>3,5</sup>
Qualified plan <sup>1</sup> (pre-tax)	Yes <sup>3</sup>	Yes	Yes <sup>7</sup> , after two years	Yes	Yes <sup>4</sup>	Yes	Yes	Yes <sup>3,5</sup>
403(b) (PRE-TAX)	Yes <sup>3</sup>	Yes	Yes <sup>7</sup> , after two years	Yes	Yes <sup>4</sup>	Yes	Yes	Yes <sup>3,5</sup>
Designated Roth Account (401(k), 403(b) or 457(b))	Yes	No	No	No	No	No	No	Yes <sup>6</sup>

<sup>1</sup> Qualified plans include, for example, profit-sharing, 401(k), money purchase, and defined benefit plans.

<sup>2</sup> Only one rollover in any 12-month period.

<sup>3</sup> Must include in income.

<sup>4</sup> Must have separate accounts.

<sup>5</sup> Must be an in-plan rollover.

<sup>6</sup> Any nontaxable amounts distributed must be rolled over by direct trustee-to-trustee transfer.

<sup>7</sup> Applies to rollover contributions after December 18, 2015. For more information regarding retirement plans and rollovers, visit Tax Information for Retirement Plans.