

Just the facts, ma'am: The Online 401(k)'s comparison of retirement plans

401(k)s. SEPs. SIMPLEs. IRAs. IT'S ALL SO CONFUSING. WHAT'S THE DIFFERENCE?

With so many choices, it's hard to figure out which plan is right for you and your employees. Plus, who wants to spend precious hours researching this stuff? The Online 401(k) has put together a chart that will help you understand the similarities (and differences) among all of these plans. Take a look to find out which type of retirement plan is right for you, or give us a call and we'll walk you through it.

Features	The Online 401(k)	SIMPLE 401(k)	Profit Sharing	SEP IRA	SIMPLE IRA
What's the cost?	Low to High	Low to Medium	Low to High	Low	Low
Who can contribute?	Employee and employer	Employee and employer	Employer	Employer	Employee and employer
How much can my employees defer?*	Lesser of \$16,500 (for 2009) or 100% of compensation	Lesser of \$11,500 (for 2009) or 100% of compensation	None	None, contributions are only by the employer	Lesser of \$11,500 (for 2009) or 100% of compensation
Is there a catch-up contribution for those employees over age 50?*	Yes, \$5,500 for 2009	Yes, \$2,500 for 2009	N/A	N/A	Yes, \$2,500 for 2009
Does the employer have to contribute?	No	Yes	No	Yes	Yes
How much can the employer contribute?*	It is up to the employer. The Company may deduct up to 25% of the total payroll. The individual limit for 2009 is \$49,000 per employee (offset by deferrals).	There is a required match on deferrals of 100% up to 3% of employee's compensation (this may be reduced to 1% in 2 of any 5 years) OR 2% of compensation to all eligible employees.	It is up to the employer. The Company may deduct up to 25% of the total payroll. The individual limit for 2009 is \$49,000 per employee (offset by deferrals).	It is up to the employer. Limits are up to 25% of an employee's eligible compensation or \$49,000 (for 2009), whichever is less.	There is a required match on deferrals of 100% up to 3% of employee's compensation (this may be reduced to 1% in 2 of any 5 years) OR 2% of compensation to all eligible employees.
Establishment deadlines	You must establish your plan by the last day of the effective plan year.	Any day between January 1 st and October 1 st	By the last day of the plan year for which the plan is effective	This plan must be established by the time the corporate tax return is filed for the tax year in which the deduction is being taken.	Any date between January 1 st and October 1 st
Can the employer sponsor other qualified retirement plans?	Yes	No	Yes	Yes	No
Who directs investments?	Either the employer/trustee, or the employee	Employee	Either the employer/trustee, or the employee	Employee	Employee
When can you withdraw from the plan?***	<ul style="list-style-type: none"> - Termination of employment - Disability - Death - Retirement - Hardship <p>If a withdrawal is taken prior to an employee reaching age 59½, he or she may be subject to a 10% penalty.</p>	<ul style="list-style-type: none"> - Termination of employment - Disability - Death - Retirement - Hardship <p>If a withdrawal is taken prior to an employee reaching age 59½, he or she may be subject to a 10% penalty.</p>	<ul style="list-style-type: none"> - Termination of employment - Disability - Death - Retirement - Hardship <p>If a withdrawal is taken prior to an employee reaching age 59½, he or she may be subject to a 10% penalty.</p>	Withdrawals can be taken at any time. However, withdrawals taken prior to an employee reaching age 59½ may be subject to IRS penalties.	Withdrawals can be taken at any time. However, withdrawals taken prior to an employee reaching age 59½ and within the first two years of participation may be subject to a 25% early withdrawal penalty. After two years of participation, a 10% early withdrawal penalty would apply.
What can it rollover to?	All plans except SIMPLE IRAs or Roth IRAs	All plans except SIMPLE IRAs or Roth IRAs	All plans except SIMPLE IRAs or Roth IRAs	All plans except SIMPLE IRAs	All plans, but ONLY after the individual has participated in the SIMPLE IRA for two years.
Minimum vesting	Immediate on employee contributions, employer contributions can be subject to vesting schedule.	Immediate	Employer contributions can be subject to a vesting schedule.	Immediate	Immediate
Loans	Yes, option is up to employer	Yes, option is up to employer	Yes, option is up to employer	No	No
Protected asset from creditors?	Yes	No	Yes	No	No

*Limits are adjusted each year for inflation **Withdrawals are generally considered taxable income

IMPORTANT NOTE: This chart is not considered a comprehensive review of each plan type. It is intended to be general in nature. As a result, exceptions to each plan can exist, and is not intended to provide legal, tax or investment advice.