

# Comparing Plan Types

Determine the Plan Type that's Right for You



The chart below provides a quick comparison of different types of qualified retirement plans. For a more detailed presentation of the features and benefits of these plans, please visit our website at [www.julysecurities.com](http://www.julysecurities.com) or let us show you how one may be best suited for your situation with a custom plan illustration.

Type of Plan	BENEFITS	LIMITATIONS	TYPICAL PLAN SPONSOR
<b>SOLO 401k Plan</b>	<ul style="list-style-type: none"> <li>For owner-only businesses</li> <li>Up to \$55,000 / \$61,000 if age 50</li> <li>Spouses can be included</li> <li>Partners in a partnership</li> </ul>	<ul style="list-style-type: none"> <li>25% deduction limit</li> </ul>	Owner-Only business. Incorporated or unincorporated.
<b>Traditional 401(k) Plan</b>	<ul style="list-style-type: none"> <li>Employee deferrals permitted</li> <li>Discretionary matching contributions</li> <li>Discretionary Profit Sharing</li> <li>Up to 1 year eligibility period</li> <li>Vesting schedules</li> </ul>	<ul style="list-style-type: none"> <li>ADP test may limit HCE deferrals</li> <li>25% deduction limit for employer contributions (excluding deferrals)</li> <li>Possible required contributions</li> </ul>	Employers wishing to provide employees with the ability to fund their own retirement accounts.
<b>Safe Harbor 401(k) Plan</b>	<ul style="list-style-type: none"> <li>Same as Traditional 401(k) Plans</li> <li>Not subject to the ADP Test</li> <li>Employees can contribute \$18,500</li> <li>Permit discretionary contributions</li> </ul>	<ul style="list-style-type: none"> <li>Required, fully-vested contributions (usually a 3% contribution for eligible employees)</li> <li>25% deduction limit for employer contributions (excluding deferrals)</li> </ul>	Employers wishing to provide employees with the ability to fund their own retirement accounts. Also good for companies where participation is low.
<b>Traditional Profit Sharing</b>	<ul style="list-style-type: none"> <li>Discretionary contributions</li> <li>Unlimited investment choices</li> <li>Vesting schedules</li> <li>Low setup / administration costs</li> <li>Up to 2 year eligibility period</li> </ul>	<ul style="list-style-type: none"> <li>25% deduction limit</li> <li>High funding costs</li> <li>No employee deferrals</li> <li>Possible required contributions</li> </ul>	Employer needing tax deductions and wishing to provide equal contributions to all employees
<b>New Comparability Plan</b>	<ul style="list-style-type: none"> <li>Maximizes contributions for HCEs</li> <li>Up to \$55,000 contributions for HCEs</li> <li>Discretionary contributions</li> <li>Vesting schedules</li> <li>Up to 2 year eligibility period</li> <li>Can be a stand-alone Profit Sharing Plan or part of a traditional or Safe Harbor 401(k) Plan</li> </ul>	<ul style="list-style-type: none"> <li>25% deduction limit</li> <li>No employee deferrals</li> <li>Will not work for employers with younger Highly Compensated Employees</li> </ul>	Employer needing tax deductions and wishing to maximize contributions for Highly Compensated Employees and business owners
<b>Cash Balance Plans</b>	<ul style="list-style-type: none"> <li>Much larger contributions</li> <li>Annual benefit of up to \$220,000</li> <li>Participants have hypothetical account unlike DB Plan</li> <li>Contributions can be less volatile than DB</li> </ul>	<ul style="list-style-type: none"> <li>Higher cost of administration</li> </ul>	Employer with high, steady income.
<b>Defined Benefit Plan</b>	<ul style="list-style-type: none"> <li>Much larger contributions</li> <li>Annual benefit of up to \$220,000</li> </ul>	<ul style="list-style-type: none"> <li>Higher cost of administration</li> <li>Volatile required contributions</li> </ul>	Employer with high, steady income. Owners age 50 and up.