

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.julyservices.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 |
|-----------------------------------|--|---|--|
| SOLO 401k Plan | <ul style="list-style-type: none"> For owner-only businesses Up to \$57,000 / \$63,500 if age 50 Spouses can be included Partners in a partnership | <ul style="list-style-type: none"> 25% deduction limit | Owner-Only business. Incorporated or unincorporated. |
| Traditional 401(k) Plan | <ul style="list-style-type: none"> Employee deferrals permitted Discretionary matching contributions Discretionary Profit Sharing Up to 1 year eligibility period Vesting schedules | <ul style="list-style-type: none"> ADP test may limit HCE deferrals 25% deduction limit for employer contributions (excluding deferrals) Possible required contributions | Employers wishing to provide employees with the ability to fund their own retirement accounts. |
| Safe Harbor 401(k) Plan | <ul style="list-style-type: none"> Same as Traditional 401(k) Plans Not subject to the ADP Test Employees can contribute \$19,500 Permit discretionary contributions | <ul style="list-style-type: none"> Required, fully-vested contributions (usually a 3% contribution for eligible employees) 25% deduction limit for employer contributions (excluding deferrals) | Employers wishing to provide employees with the ability to fund their own retirement accounts. Also good for companies where participation is low. |
| Traditional Profit Sharing | <ul style="list-style-type: none"> Discretionary contributions Unlimited investment choices Vesting schedules Low setup / administration costs Up to 2 year eligibility period | <ul style="list-style-type: none"> 25% deduction limit High funding costs No employee deferrals Possible required contributions | Employer needing tax deductions and wishing to provide equal contributions to all employees |
| New Comparability Plan | <ul style="list-style-type: none"> Maximizes contributions for HCEs Up to \$57,000 contributions for HCEs Discretionary contributions Vesting schedules Up to 2 year eligibility period Can be a stand-alone Profit Sharing Plan or part of a traditional or Safe Harbor 401(k) Plan | <ul style="list-style-type: none"> 25% deduction limit No employee deferrals Will not work for employers with younger Highly Compensated Employees | Employer needing tax deductions and wishing to maximize contributions for Highly Compensated Employees and business owners |
| Cash Balance Plans | <ul style="list-style-type: none"> Much larger contributions Annual benefit of up to \$230,000 Participants have hypothetical account unlike DB Plan Contributions can be less volatile than DB | <ul style="list-style-type: none"> Higher cost of administration | Employer with high, steady income. |
| Defined Benefit Plan | <ul style="list-style-type: none"> Much larger contributions Annual benefit of up to \$230,000 | <ul style="list-style-type: none"> Higher cost of administration Volatile required contributions | Employer with high, steady income. Owners age 50 and up. |