

# Choosing the right retirement plan

All of the retirement plans discussed here have unique advantages and considerations. The following chart provides a summary of each design, including contribution limits and key considerations for choosing the plan that best meets your company's needs.

Simple IRA	
<b>Who can establish</b>	Self-employed persons, partnerships, corporations, nonprofit groups, tax-exempt institutions and government entities with 100 or fewer employees. Generally, the employer may not maintain another plan.
<b>Key features</b>	<ol style="list-style-type: none"> <li>1. Inexpensive 401(k)-type plan for the smaller business owner.</li> <li>2. No 401(k)-type discrimination testing.</li> <li>3. Deductible employer contributions are made directly to employees' IRAs.</li> <li>4. Employer contributions are mandatory.</li> <li>5. All contributions are immediately 100 percent vested.</li> </ol>
<b>Annual contribution limits</b>	<ol style="list-style-type: none"> <li>1. For 2025, employees may make salary deferrals up to the lesser of \$16,500 or 100% of income. For 2026, the salary deferral increases to \$17,000 or \$18,100 (see the SIMPLE Limits guide). See the IRS chart for catch-up contributions if employee is age 50 or older.</li> <li>2. Employer must choose one of two options: <ul style="list-style-type: none"> <li>• Match employee's contribution dollar for dollar, up to 3% of compensation (match cannot exceed deferral limit).</li> <li>• Contribute 2% of each eligible employee's compensation.</li> </ul> </li> </ol>
SEP IRA	
<b>Who can establish</b>	Self-employed persons, partnerships, corporations and nonprofit groups.
<b>Key features</b>	<ol style="list-style-type: none"> <li>1. Deductible employer contributions are made directly to employees' IRAs.</li> <li>2. Employers can change their annual contributions.</li> <li>3. All contributions are immediately 100 percent vested.</li> <li>4. Minimal paperwork and reporting.</li> </ol>
<b>Annual contribution list</b>	Up to the lesser of 25% of an employee's eligible compensation or \$70,000 for 2025. For 2026 the limit increases to \$72,000.
401(k) Plans and individual 401(k) plans	
<b>Who can establish</b>	Partnerships, corporations, and nonprofit groups
<b>Key features</b>	<ol style="list-style-type: none"> <li>1. Permits pre-tax salary deferral contributions.</li> <li>2. Designated Roth contributions offer tax-free qualified distributions (salary deferrals and employer contributions are included in the participant's taxable income the year that they are earned).</li> <li>3. Employer matching and profit-sharing contributions may be discretionary.</li> <li>4. Vesting schedule on employer contributions is determined by the employer for group 401(k); individual 401(k) plans are 100 percent vested immediately.</li> <li>5. Participant loans are available.</li> <li>6. Due to complicated discrimination testing and tax reporting, third party administrative services are recommended.</li> </ol>

## 401(k) Plans and individual 401(k) plans *continued*

<b>Annual contribution list</b>	<ul style="list-style-type: none"><li>• Employees can make salary deferrals on a pre-tax basis of up to \$23,500 in 2025. For 2026 it increases to \$24,500. See the IRS chart for catch-contributions if age 50 and older.</li><li>• The maximum contribution limit (employee and employer amounts combined) is \$70,000 for 2025. For 2026 the limit increases to \$72,000. These amounts do not include the catch-up contributions. See the IRS chart for catch-contributions if age 50 and older.</li><li>• Total employer contributions to the plan cannot exceed 25% of total eligible compensation. (Employer contributions exclude employee deferrals).</li></ul>
---------------------------------	---

## Safe Harbor 401(k) and super comparability plans

<b>Who can establish</b>	Partnerships, corporations, and nonprofit groups (no government entities)
<b>Key features</b>	<ol style="list-style-type: none"><li>1. Safe Harbor 401(k) permits employers to choose either a 3 percent profit sharing contribution or a 4 percent match on a 5 percent deferral.</li><li>2. Super comparability 401(k) combines the features of a new comparability plan with 401(k) safe harbor provisions.</li><li>3. Employer contribution must be made each year to maintain safe harbor provisions.</li><li>4. Safe harbor contributions satisfy nondiscrimination requirements.</li><li>5. Participant loans are available for either plan if permitted by the plan.</li><li>6. Due to the complexity of the contribution calculation, retirement plan administrative services are required.</li></ol>
<b>Annual contribution list</b>	<ul style="list-style-type: none"><li>• Employees can make salary deferrals on a pre-tax basis of up to \$23,500 in 2025. For 2026 it increases to \$24,500. See the IRS chart for catch-contributions if age 50 and older.</li><li>• The maximum contribution limit (employee and employer amounts combined) is \$70,000 for 2025. For 2026 the limit increases to \$72,000. These amounts do not include the catch-up contributions. See the IRS chart for catch-contributions if age 50 and older.</li><li>• Total employer contributions to the plan cannot exceed 25% of total eligible compensation. (Employer contributions exclude employee deferrals.)</li><li>• Maximum eligible compensation is \$350,000 in 2025. For 2026 it increases to \$360,000.</li></ul>

## Traditional profit-sharing plans, age-weighted and new comparability

<b>Who can establish</b>	Self-employed persons, partnerships, corporations, and nonprofit groups
<b>Key features</b>	<ol style="list-style-type: none"><li>1. Profit sharing contribution requirements are set in the plan document. Contributions may be discretionary.</li><li>2. Age-weighted formula is determined by the salary range and age of employees.</li><li>3. New comparability formula groups employees into categories and then bases the formula on each group as governed by nondiscrimination regulations.</li><li>4. Employers may add a 401(k)-salary deferral feature for all plans.</li><li>5. Participant loans are available for all if permitted by the plan.</li><li>6. Vesting schedule is determined by the employer for all plans.</li><li>7. Due to the complexity of the contribution calculation and nondiscrimination testing, retirement plan administration services are required.</li></ol>
<b>Annual contribution list</b>	<ul style="list-style-type: none"><li>• For 2025, employers may contribute up to the lesser of 25% compensation or \$70,000. In 2026 it increases to \$72,000.</li><li>• Maximum eligible compensation is \$350,000 in 2025. For 2026 it increases to \$360,000.</li></ul>

<b>403(b) plans</b>	
<b>Who can establish</b>	Nonprofit organizations, public education, nonprofit hospitals, and churches
<b>Key features</b>	<ol style="list-style-type: none"> <li>1. Employer can deduct amounts that don't exceed 25% of aggregate compensation for participants.</li> <li>2. Permitted to have another 401(a) or 457 qualified plan.</li> </ol>
<b>Annual contribution list</b>	<ul style="list-style-type: none"> <li>• Employees may contribute up to \$23,500 in 2025. For 2026 it increases to \$24,500. See the IRS chart for catch-contributions if age 50 and older.</li> <li>• The maximum contribution limit (employee and employer amounts combined) is the lesser of 100% of compensation or \$70,000 for 2025. For 2026 the limit increases to \$72,000. These amounts do not include the catch-up contributions. See the IRS chart for catch-contributions if age 50 and older.</li> </ul>
<b>Defined benefit plans (single participant or group)</b>	
<b>Who can establish</b>	Self-employed persons, partnerships, corporations, and nonprofit groups
<b>Key features</b>	<ol style="list-style-type: none"> <li>1. Known benefit amount at retirement.</li> <li>2. Permits higher contribution limits than many other retirement plan options.</li> </ol>
<b>Maximum benefits</b>	100% of average compensation for the three consecutive years in which the participant's compensation was the highest, up to a maximum of \$280,000 for 2025 (it increases to \$290,000 for 2026). Annual contribution requirements must be calculated by an actuary.
<b>Cash balance plans (group)</b>	
<b>Who can establish</b>	Any employer with one or more employees (including self-employed).
<b>Key features</b>	<ol style="list-style-type: none"> <li>1. Known benefit amount at retirement.</li> <li>2. Permits higher contribution limits than many other retirement plan options.</li> <li>3. All contributions are made by the employer – no employee deferrals allowed.</li> </ol>
<b>Maximum benefits</b>	Individual limits are based on the age and compensation of the participant and must be calculated by an actuary.

Securities and investment advisory services are offered through the firms: Osaic Wealth, Inc. and Osaic Institutions, Inc., broker-dealers, registered investment advisers, and members of FINRA and SIPC. Securities are offered through Osaic Services, Inc. and Ladenburg Thalmann & Co., broker-dealers and members of FINRA and SIPC. Advisory services are offered through Ladenburg Thalmann Asset Management, Inc., Osaic Advisory Services, LLC. and CW Advisors, LLC., registered investment advisers. Advisory programs offered by Osaic Wealth, Inc. are sponsored by VISION2020 Wealth Management Corp., an affiliated registered investment adviser.