

# Small Business Plans



## FACT SHEET

This chart provides highlights of certain plan type features.

	Solo 401(k)	SIMPLE IRA	SEP IRA
<b>Target Market</b>	Owner and spouses only	No more than 100 employees who earned more than \$5,000 in prior year and self-employed	Small businesses and self-employed
<b>Key Features</b>	Tax-deferred investing; no discrimination testing; investment flexibility	Tax-deferred investing; no discrimination testing; no plan administration fee; investment flexibility	Easy administration; investment flexibility
<b>Contributors</b>	Employee and Employer	Employee and Employer	Employer only
<b>Roth Contributions</b>	Yes	Optional, if permitted under plan terms <sup>1</sup>	No
<b>Contribution Flexibility</b>	Yes	Limited <sup>2</sup>	Yes
<b>Maximum Eligibility Requirements</b>	Age 21 with one year of service	Employees earning \$5,000 in current year and any 2 prior years	Age 21 with any service in 3 of last 5 years
<b>Maximum Annual Salary Deferral</b>	\$24,500	\$17,000	Not applicable
<b>Catch Up Contributions (Age 50+)</b>	\$8,000	\$4,000	Not applicable
<b>Catch Up Contributions (Age 60-63)</b>	\$11,250	\$5,250	Not applicable
<b>Maximum Annual Employer Contribution</b>	25% of eligible employee compensation <sup>3</sup>	100% match up to 3% of compensation (subject to IRS rules) or 2% nonelective contribution <sup>4, 5</sup>	25% of eligible employee compensation <sup>3</sup>
<b>Vesting in Employer Contributions</b>	100% immediately	100% immediately	100% immediately
<b>Loans</b>	Yes	No	No
<b>When Established</b>	Anytime prior to tax filing deadline, including extensions	Prior to October 1	Anytime prior to tax filing deadline, including extensions
<b>IRS 5500 Reporting</b>	Yes, once assets exceed \$250,000	No	No

<sup>1</sup> Roth SIMPLE IRA salary deferrals are permitted under SECURE 2.0, subject to plan design and IRS guidance.

<sup>2</sup> SIMPLE IRA contribution flexibility is limited by required employer contributions and annual IRS limits.

<sup>3</sup> On maximum contributions, compensation is limited to \$360,000 per year. The overall contribution limit is \$72,000 plus any applicable "catch-up."

<sup>4</sup> SECURE 2.0 allows a higher contribution limit (\$18,100 for 2026) for employers with no more than 25 employees. Employers with 26-100 employees can allow the higher limit, but only by providing either a 4% Match or 3% Non-elective contribution.

<sup>5</sup> Employers have the option to make an additional nonelective contribution up to a maximum of 10% of the employee's compensation or \$5,000 per year whichever is less. This contribution is in addition to the employer standard contribution (match or nonelective).

## Plan Examples<sup>6</sup>

### Solo 401(k)

- Owner, age 61 earning \$190,000

- How much can be contributed?

Employer contribution	\$47,500
Salary deferral	\$24,500
Catch up	\$11,250
<b>Total (44% of Pay)</b>	<b>\$83,250</b>

- Owner Spouse, age 55 earning \$50,000

- How much can be contributed?

Employer contribution	\$12,500
Salary deferral	\$24,500
Catch up	\$8,000
<b>Total (87% of Pay)</b>	<b>\$45,000</b>

### SIMPLE IRA

Name	Salary	Deferral	Match	Total with Match	Non-elective	Total with Non-elective
Owner, Age 61	\$100,000	\$22,250	\$3,000	\$25,250	\$2,000	\$24,250
Spouse, Age 50	\$25,000	\$21,000	\$750	\$21,750	\$500	\$21,500
Eligible Employee #1	\$25,000	\$2,000	\$750	\$2,750	\$500	\$2,500
Eligible Employee #2	\$21,000	\$0	\$0	\$0	\$420	\$420
Eligible Employee #3	\$19,000	\$1,000	\$570	\$1,570	\$380	\$1,380
Eligible Employee #4	\$17,500	\$0	\$0	\$0	\$350	\$350
Eligible Employee #5	\$16,000	\$1,000	\$480	\$1,480	\$320	\$1,320
Eligible Employee #6	\$13,000	\$0	\$0	\$0	\$260	\$260
Eligible Employee #7	\$12,500	\$1,000	\$375	\$1,375	\$250	\$1,250
Eligible Employee #8	\$10,000	\$0	\$0	\$0	\$200	\$200
Eligible Employee #9	\$10,000	\$200	\$200	\$400	\$200	\$400
Eligible Employee #10	\$7,500	\$0	\$0	\$0	\$150	\$150
Employer Mandatory Matching Contribution Cost for Non-owners						\$2,375
Owner and Spouse Net Allocations (Salary deferral and Match)						\$47,000

### SEP IRA

- Age 55 earning \$40,000

- How much can be contributed?

Employer contribution (up to 25% of pay)<sup>7</sup> | \$10,000

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<sup>6</sup> Plan examples are for illustrative purposes only. Actual contribution amounts and tax treatment depend on compensation, plan design, deferral elections, and applicable IRS limits.

<sup>7</sup> The maximum annual addition to a participant's account is 25% of their compensation, subject to the annual limit.

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Withdrawals and other distributions of taxable amounts are subject to ordinary income tax and may be subject to additional federal taxes if taken prior to age 59½, including higher

penalties applicable to SIMPLE IRAs during the first two years of participation. A withdrawal charge may also apply.

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