

# SEP vs. SIMPLE vs. 401(k)

The 401(k) Profit Sharing Plan is a cost-effective way for both self-employed individuals and small business owners to help prepare for a financially secure retirement. So why do owner-only businesses remain loyal to the SEP IRA and small business owners to the SIMPLE IRA plan design?

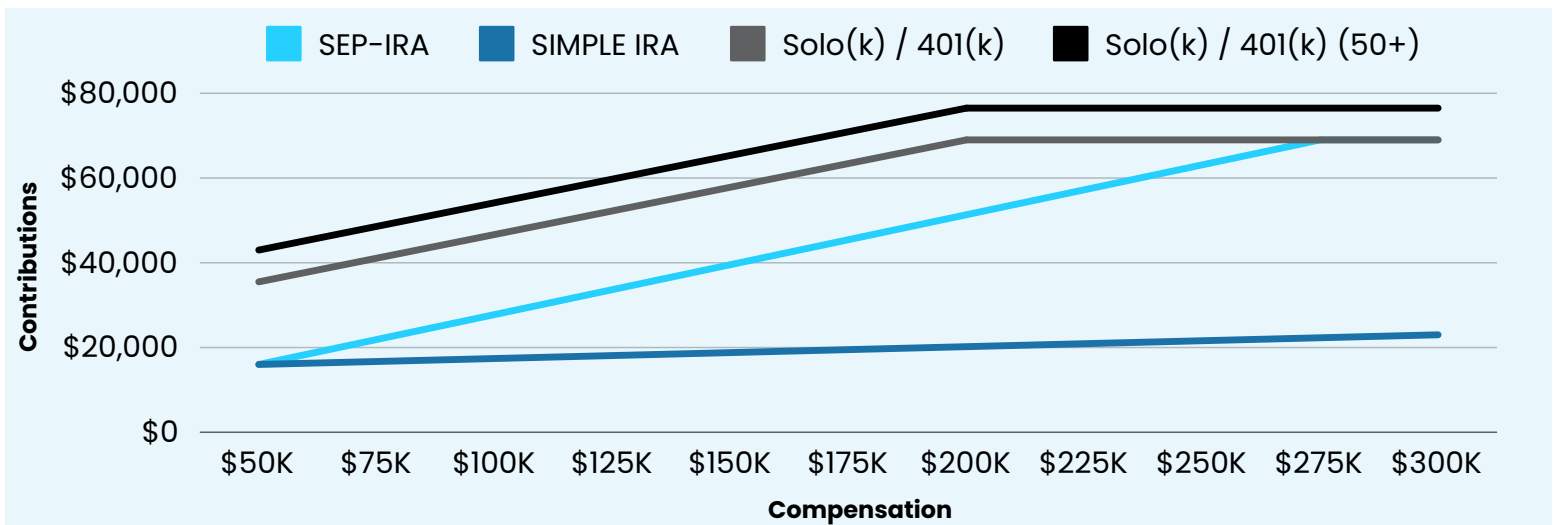
**Let's compare...**

FEATURE	SEP-IRA	SOLO 401(k)	SIMPLE IRA	401(k)
<b>Maximum Annual Contribution</b>	\$69,000	\$69,000 \$76,500 if age 50+	\$23,000 \$26,500 if age 50+	\$69,000 \$76,500 if age 50+
<b>Age 50+ Catch-Up Contribution Limit</b>	Not Applicable	\$7,500	\$3,500	\$7,500
<b>"Employee Elective Deferral" Amount</b>	Not Applicable	\$23,000 \$30,500 if age 50+	\$16,000 \$19,500 if age 50+	\$23,000 \$30,500 if age 50+
<b>Roth Contributions</b>	Not Applicable	Yes	No	Yes
<b>Plan Loans Allowed</b>	No	Yes	No	Yes

*\*2024 Limits*

**Now, Let's take it a step further...**

The graph below illustrates maximum contributions to the three retirement plan options by income level. As you can see, at every income level, the Solo 401(k) and 401(k) Profit Sharing Plans allow business owners to contribute more towards retirement than the two other retirement plans.



As you can see, Solo(k)s and traditional 401(k)s not only offer higher contribution limits, but also offer more flexibility in design to manage business costs, taxes, and enable penalty-free access to funds via a loan if an emergency arises. Contact us today to discuss which plan design may best suit the needs of your business owner clients!

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