

Mainstar Trust

Scale 1:40,000

North of Ohio

200

Plan Type	SEP-IRA	SIMPLE-IRA	Solo 401(k)	Traditional IRA/Roth IRA
Maximum Contribution	\$55,000 employer contribution	\$12,500 deferral + 3% matching contribution (up to additional \$12,500) \$15,500 deferral + 3% matching contribution (up to additional \$15,500) if age 50 or older	\$55,000 + \$6,000 if age 50 or older	100% of income not to exceed \$5,500 + \$1,000 if age 50 or older
Taxable W-2 compensation needed to reach maximum contribution	\$222,000	\$416,667 or \$516,667 if age 50 or older	\$146,000	\$5,500 or \$6,500 if age 50 or older
Contribution rules	Up to 25% of taxable compensation (discretionary)	100% of compensation up to \$12,500 employee deferral (\$15,500 if age 50 or older) + 3% matching contribution or 2% nonelective contribution	100% of compensation up to \$18,500 employee deferral (\$24,500 if age 50 or older) + 25% discretionary profit sharing contribution	100% of compensation. No traditional IRA contributions after age 70½. Roth contributions subject to income limitations
Contribution sources	Employer only	Employer + Participant	Employer + Participant	Individual taxpayer
Contribution deductibility	Yes	Employee contribution reduces employee taxable income Employer contribution is deductible	Pre-tax employee contributions reduce employee taxable income Employer contribution is deductible	Traditional IRA contribution is deductible unless individual participates in a qualified plan & exceeds income threshold. Roth IRA contribution is not deductible
Maximum eligibility rules	Age 21 & earned at least \$600 in 3 of last 5 years	Earned \$5,000 or more in at least 2 years	Age 21 & 1 year of service	Earned income & under 70 ½ if traditional IRA
Establishment deadlines	Tax filing due date for business, including extensions Schedule C filers have until personal tax return due date, including extension	October 1 of the year the plan is effective unless business started after October 1	Last day of plan year (December 31 if calendar year plan) Election to defer <ul style="list-style-type: none"> • Cannot precede plan adoption • Must be signed before year end • Can only include income not yet earned 	Individual taxpayer's tax filing due date (April 15 unless weekend or holiday), with no extensions
Plan establishment actions	Completing & signing an IRS Form 5305-SEP or a prototype	Completing & signing an IRS Form 5304-SIMPLE or a prototype before October 1 & providing matching contribution notice	Completing & signing an IRS-approved plan document before last day of initial plan year	Signing an IRA application & making initial contribution

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Maximum allocation if business owner earns \$100,000 in W-2 taxable compensation	\$25,000 discretionary employer contribution	\$15,500 (\$12,500 deferral + \$3,000 match) or \$18,500 (\$15,500 deferral + \$3,000 match if age 50 or older)	\$43,500 (\$18,500 deferral + \$25,000 profit sharing) or \$49,500 (\$24,500 deferral + \$25,000 profit sharing if age 50 or older)	\$5,500 + \$1,000 if age 50 or older
Employer minimum contributions	None required. If a contribution is made, all eligible employees must receive the same percentage as the owner	3% matching contribution for employees making deferrals (Employer may make 1%–3% matching contribution instead in 2 years out of 5-year period)	None	None
Vesting if employees are eligible	100% on all funds	100% on all funds	Deferrals 100% Employer contributions could be subject to a 6-year schedule but not applicable in Solo 401(k)	100%
Portability	May transfer or roll over to other IRAs or qualified plans, at participant's discretion May accept transfers & rollovers from IRAs, SEPs & SIMPLEs (if account is 2 years old or more) & rollovers from qualified plans	May roll over to other IRAs or qualified plans after 2 years from each SIMPLE IRA's inception, at participant's discretion May accept transfers or rollovers from other SIMPLE IRAs at any time & from IRAs, SEPs, & qualified plans after 2 years from the SIMPLE IRA's inception	May roll over to other qualified plans or IRAs when participant is permitted to take distributions under the plan May accept rollovers from IRAs, qualified plans, SEPs & SIMPLEs (if account is 2 years old or more)	May transfer or roll over traditional to traditional IRA & Roth to Roth. Traditional IRAs (pre-tax assets only) may be rolled over to qualified plans. Roth IRAs cannot be rolled to qualified plans. May accept transfers & rollovers from IRAs, SEPs & SIMPLEs (if account is 2 years old or more). May accept rollovers from qualified plans.
Distribution restrictions	Distributions available at any time	Distributions available at any time	Distributions at 59½, death, disability, or plan termination Plan can permit loans & hardship distributions	Distributions available at any time
Taxation on distribution	Fully taxable + 10% early distribution tax before age 59½, unless an exception applies	Fully taxable + early distribution tax of 25% penalty first 2 years, 10% thereafter before age 59½, unless an exception applies	Fully taxable unless Roth contributions + 10% early distribution tax before age 59½, unless an exception applies	Traditional IRA distributions fully taxable + 10% early distribution tax before age 59½. Nondeductible contributions not taxed but related earnings are taxable. Roth contributions & earnings are tax free if "qualified" (5-years + age 59½, death, disability, or 1st home purchase). Earnings are taxable for nonqualified Roth distributions + 10% early distribution tax before age 59½, unless an exception applies.
Government filings by employer/IRA owner	None	None	Annual Form 5500 when plan assets reach \$250,000 or plan terminates	None
Investment permitted	Most legal investments including alternative assets	Most legal investments including alternative assets	Most legal investments including alternative assets	Most legal investments including alternative assets