

## Comparison of Plans Relevant to Business Owners



Plan Type	Maximum Limits on Individual Contribution or Benefit	Catch-up Contribution	Setup Deadline	Contribution Deadline
<b>SEP IRA</b>	Lesser of 25% of compensation or \$56,000	Not applicable	Business's tax-filing deadline, including extensions	Business's tax-filing deadline, including extensions
<b>Profit-sharing Plan</b>	Lesser of 100% of compensation or \$56,000	Not applicable	Business's year-end	Business's tax-filing deadline, including extensions
<b>Defined Benefit Plan</b>	Annual benefit cannot exceed 100% of average compensation of three highest consecutive years or a \$225,000 benefit per year.	Not applicable	Business's year-end	Earlier of business's tax-filing deadline, including extensions, or minimum funding deadline (Sept. 15 for calendar-year plans)
<b>SIMPLE IRA</b> Special provisions apply for 401(k) form	\$13,000	\$3,000	Must be set up before employees may make salary deferrals. Should be established early in the year to maximize salary deferral opportunity. Plan cannot have an effective date later than Oct. 1 for current-year contribution.	Matching and nonelective contributions must be made by the business's tax-filing deadline, including extensions. Salary deferral contributions must be deposited as soon as possible, but no later than 30 business days after the end of the month they were deferred.
<b>Safe Harbor 401(k)</b>	\$19,000 or up to 100% of compensation, if less than annual limit	\$6,000 Catch-up can allow total contributions to exceed all other limits.	A new Safe Harbor 401(k) plan must have a minimum three-month first year. 30 days before beginning of plan year to convert an existing 401(k).	Matching and profit-sharing contributions must be made by the business's tax-filing deadline, including extensions. Salary deferral contributions must be deposited as soon as possible, but no later than 15 business days after the end of the month they were deferred.
<b>401(k)</b>	\$19,000 or up to 100% of compensation, if less than annual limit	\$6,000 Catch-up can allow total contributions to exceed all other limits.	Must be set up before employees may make salary deferrals. Should be established early in the year to maximize salary deferral opportunity.	Matching and profit-sharing contributions must be made by the business's tax-filing deadline, including extensions. Salary deferral contributions must be deposited as soon as possible, but no later than 15 business days after the end of the month they were deferred.

**All dollar limits apply to 2019 and are subject to annual cost-of-living adjustments.**

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Maximum Limits for Employer Deductions	Employer Contributions	Basic Anti-discrimination Requirements	Loans	Maximum Service to Vest	Maximum Eligibility*
25% of all participant's compensation	Percentage can vary each year.	Top-heavy	Not permitted	Immediately vested	Age: 21 Service: three out of five years Salary: At least \$600 annually
25% of all participant's compensation	Percentage can vary each year.	<ul style="list-style-type: none"> <li>Covered employees</li> <li>Allocation of contribution</li> <li>Top-heavy</li> </ul>	Permitted	Three-year cliff vesting or graded vesting over six years	Age: 21 Service: one year 1,000 hours of service per year Two years if immediately vested
Minimum funding requirement determined by actuary	Amount determined by actuary each year.	<ul style="list-style-type: none"> <li>Covered employees</li> <li>Benefit accruals</li> <li>Top-heavy</li> </ul>	Permitted, but may affect actuarial computations	Three-year cliff vesting or graded vesting over six years	Age: 21 Service: one year 1,000 hours of service per year Two years if immediately vested
Allowable contributions are deductible.	Required contribution either (1) dollar-for-dollar match up to 3%; or (2) 2% nonelective contribution to eligible persons  Match may be reduced to 1% during 2 out of every 5 years	None	Not permitted	Immediately vested	Age: No limits Service: two years Salary: At least \$5,000 annually and reasonably expected to earn at least \$5,000 in current year
25% of all participants' compensation; HOWEVER, salary deferral contributions are not included in determining the limit.	Required contribution either (1) dollar-for-dollar match up to 3%, plus 50 cents per dollar above 3% up to 5%; or (2) 3% nonelective contribution to eligible persons  Optional additional matching or profit sharing made by employer	<ul style="list-style-type: none"> <li>Covered employees</li> <li>No other testing on salary deferral portion of plan</li> <li>Top-heavy required if additional contributions made</li> <li>Allocation of contributions if contributions other than safe harbor contributions made</li> </ul>	Permitted	Salary deferral contributions AND Safe Harbor required match or nonelective contributions immediately vested; additional employer contribution may vest over time – three-year cliff vesting or graded vesting over six years.	Age: 21 Service: one year 1,000 hours of service per year 2 years if 100% immediate vesting
25% of all participants' compensation; HOWEVER, salary deferral contributions are not included in determining the limit.	Optional; percentage can vary each year.	<ul style="list-style-type: none"> <li>Covered employees</li> <li>Average deferrals</li> <li>Average contributions</li> <li>Top-heavy</li> <li>Allocation of any employer discretionary contributions</li> </ul>	Permitted	Salary deferral contributions immediately vested; employer match may be vested over time – three-year cliff vesting or graded vesting over six years.	Age: 21 Service: one year 1,000 hours of service per year

\*SEP IRA and SIMPLE IRA plans must include all employees within the controlled group or affiliated service group who meet eligibility standards, except union employees and resident aliens without U.S. income.

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