

IRA and Retirement Plan Quickfinder Handbook 2015

Tab 10—Choosing a Small Business Plan
Plans That Meet Common Employer Goals

Plans That Meet Common Employer Goals						
Note: This table is for general reference and comparison only. An "X" indicates that a plan is likely to achieve a particular goal. Other plans may also achieve that goal, but often to a lesser extent than the plans marked with an "X". For details, see the discussion of the various plans in this <i>Handbook</i> .						
Employer Goal	Defined Benefit Plan	Profit-Sharing Plan	401(k) Plan	SEP	SIMPLE IRA Plan	Payroll Deduction IRA¹
Provide retirement income for employees.	X	X	X	X	X	X
Maximize employer's tax deductions.	X	X	X	X ²		N/A ³
Increase employee incentive.	X	X	X		X	
Control cost of providing benefit.				X	X	X
Maximize contributions or benefits to highly compensated or key employees.	X ⁴	X ⁵	X ^{5, 6}	X		
Attract and retain valuable employees.	X	X	X	X		
Allow employees pre-tax salary deferrals.			X		X	
Maintain flexibility in making contributions.		X	X	X		N/A ³
Minimize costs of adopting plan.				X	X	X
Minimize costs of administering plan.				X	X	X
Maintain competitive employee benefits.	X	X	X	X	X	
¹ Also applies to <i>my</i> RAs beginning in 2014. ² SEP plans may be established and contributions made after the employer's year-end (see Tab 4). ³ Employer does not contribute to plan. ⁴ Defined benefit plans can benefit older, longer-serviced participants. ⁵ Permitted disparity and age-weighted features are allowed for profit-sharing plans. ⁶ Designated Roth accounts are allowed.						