

FRYE RETIREMENT PLANNING

| 2015 Comparison Chart Plan Type | SEP | 401 (K) with safe harbor provisions | 401 (K) |
|--|--|--|--|
| Employer characteristics | All taxable businesses, but appeals to small employers Government entities + Tax-exempts | All taxable businesses Tax-exempt organizations | All taxable businesses Tax-exempt organizations |
| Who MUST be covered | Any employee who has worked 3 out of the past 5 years, earned \$600 subject to COLA, and is age 21 or older; can exclude certain employees | Any employee with 1,000 hours of service within one year and who is age 21 or older; can exclude certain employees | Any employee with 1,000 hours of service within one year and who is age 21 or older; can exclude certain employees |
| Maximum annual combined contribution that the employer may deduct | 25% of employee's pay or \$53,000, whichever is less | 25% of total eligible payroll (maximum eligible pay per employee is \$265,000) plus the amount of elective deferrals contributed | 25% of total eligible payroll (maximum eligible pay per employee is \$265,000) plus the amount of elective deferrals contributed |
| Maximum annual contribution to employee's account | 25% of employee's pay or \$53,000, whichever is less | 100% of employee's total pay or \$53,000, whichever is less | 100% of employee's total pay or \$53,000, whichever is less |
| Maximum annual employee deferral | No employee contributions allowed | Up to \$18,000; catch-up contribution of \$6,000 if 50 years of age or older | Up to \$18,000; catch-up contribution of \$6,000 if 50 years of age or older |
| Contribution allocation formulas | Nonintegrated allocation Integrated with Social Security | For non-safe harbor contributions, use the same formulas as 401(k)'s | Nonintegrated allocation Integrated with Social Security Cross-tested |
| Required employer contribution | None; a minimum allocation may be required if a contribution is made and plan is top-heavy | One of the following: Nonelective contribution (3% of pay); Basic match formula (\$ for \$ up to 3% plus 50% for next 2%); Enhanced match formula | Discretionary, unless the plan is top-heavy |
| Vesting | Immediate 100% vesting | Immediate 100% vesting on safe harbor contributions | Vesting schedules available |
| Testing required ADP=actual deferral % ACP=actual contribution % 415=maximum annual additions | Top-heavy: No ADP: N/A ACP: N/A 415: Yes | If safe harbor only Top-heavy: Generally No* ADP: No ACP: No 415: Yes *If no PSP contribution | Top-heavy: Yes ADP: Yes ACP: Yes 415: Yes |
| Deadline for plan establishment | Tax-filing deadline, plus extensions | Generally first day of plan year with proper notice (there are exceptions) | Last day of employer's fiscal year, but not later than commencement of employee contributions |
| Advantages of this type of plan | Minimal paperwork and expense Minimal tax filing No requirement to make ongoing contributions | No discrimination testing Employee deferral of current taxes available More flexibility with contribution amounts due to increase in deferral limit | Employee deferral of current taxes available Flexible contributions More flexibility with contribution amounts due to increase in deferral limit |

Questions?

Please contact Robin Newman, ERPA - Director of Pension Administration
or Austin Frye, JD, MBA, CFP® (305)-931-3200 www.fryeretirement.com

FRYE RETIREMENT PLANNING

2015 Comparison Chart Plan Type

Profit Sharing

Money Purchase

Defined Benefit Pension

| | | | |
|--|---|---|---|
| Employer characteristics | All taxable businesses Government entities Tax-exempt organizations | All taxable businesses Government entities Tax-exempt organizations | All taxable businesses Government entities Tax-exempt organizations |
| Who MUST be covered | Any employee with 1,000 hours of service within one year and who is age 21 or older; can exclude certain employees. Note: may use 2 years if fully vested. | Any employee with 1,000 hours of service within one year and who is age 21 or older; can exclude certain employees. Note: may use 2 years if fully vested. | Any employee with 1,000 hours of service within one year and who is age 21 or older; can exclude certain employees. Note: may use 2 years if fully vested. |
| Maximum annual combined contribution that the employer may deduct | 25% of total eligible payroll (maximum eligible pay per employee is \$265,000) | 25% of total eligible payroll (maximum eligible pay per employee is \$265,000) | Contribution is limited to amount necessary to fund future benefits (maximum eligible pay per employee is \$265,000) |
| Maximum annual contribution to employee's account | 100% of employee's total pay or \$53,000, whichever is less | 100% of employee's total pay or \$53,000, whichever is less | No individual accounts |
| Maximum annual employee deferral | No employee contributions allowed | No employee contributions allowed | No employee contributions allowed |
| Contribution allocation formulas | Nonintegrated allocation Integrated with Social Security Cross-tested | Nonintegrated allocation Integrated with Social Security Cross-tested | N/A |
| Required employer contribution | Flexible contribution allowed each year (preset amount not required); however, employer must make "substantial and recurring" contributions | Amount stated in plan document (same percentage contribution required each year) | Contributions based on anticipated payouts during retirement and actuarial assumptions |
| Vesting | Vesting schedules available | Vesting schedules available | Vesting schedules available |
| Testing required ADP=actual deferral % ACP=actual contribution % 415=maximum annual additions | Top-heavy: Yes ADP: N/A ACP: N/A 415: Yes | Top-heavy: Yes ADP: N/A ACP: N/A 415: Yes | Top-heavy: Yes ADP: N/A ACP: N/A 415: Yes |
| Deadline for plan establishment | Last day of employer's fiscal year | Last day of employer's fiscal year | Last day of employer's fiscal year |
| Advantages of this type of plan | Flexible contributions | Specified level of contributions | Annual benefit on retirement can be as high as 100% of highest three-year average pay, up to \$210,000. |

Questions?

Please contact Robin Newman, ERPA - Director of Pension Administration
or Austin Frye, JD, MBA, CFP® (305)-931-3200 www.fryeretirement.com