

Retirement plans at a glance.

IRA-based plans

These offer participants the opportunity to establish their own IRA to manage their investments. Typically these are the least expensive to establish and maintain, but they also provide the least amount of contribution and plan design flexibility.

	SEP IRA	SIMPLE IRA
Available for employers with more than 100 employees	Yes — typically used by employers with fewer than 50 employees	No
Employer contributions		
> 2008 limit	The lesser of \$46,000 or 25% of eligible compensation	Dollar-for-dollar match up to 3% of compensation or 2% base contribution
> Vesting schedule allowed	No	No
> Multiple employer contribution formulas allowed	Yes	Yes
Employee contributions		
> 2008 annual deferral contribution limit	N/A	\$10,500
> 2008 catch-up contribution limit	N/A	\$2,500
> Roth-designated deferrals allowed	No	No
> Rollovers from other qualified or IRA plans allowed	Yes	No — may be combined with other SIMPLE IRA assets
Most restrictive participation requirements allowed		
> Age	21	N/A
> Service	Three years out of five years of service requirement	N/A
> Compensation	Earned a minimum of \$500 in the current calendar year	Earned a minimum of \$5,000 in any two previous years and is expected to earn \$5,000 in the current year
Plan features available		
> Loans	No	No
Reporting and testing requirements		
> IRS form 5500	No	No
> Annual discrimination and compliance testing	No	No

Defined contribution plans

These offer the most contribution and plan design flexibility. Contributions are defined when they are made and are discretionary. Typically they are more expensive to maintain than an IRA-based plan.

Defined benefit plans

These offer the ability to provide participants with a pre-determined retirement benefit at some point in the future. Contributions are made to the plan to fund future retirement benefits as defined in the plan document. Defined benefit plans require the service of an actuary.

401(k)	Individual(k)	Profit sharing	Defined benefit
Yes	No — must not have any eligible employees	Yes	Yes
Generally, the lesser of \$46,000 or 25% of eligible compensation	Generally, the lesser of \$46,000 or 25% of eligible compensation	Generally, the lesser of \$46,000 or 25% of eligible compensation	Determined by an actuary, up to a \$185,000 defined benefit.
Yes, employee 401(k) deferrals always 100% vested	Yes, employee 401(k) deferrals always 100% vested	Yes, but not available under Ameriprise prototype document	Yes
Yes	Yes	Yes	Yes
\$15,500	\$15,500	N/A	N/A
\$5,000	\$5,000	N/A	N/A
Yes	Yes	N/A	N/A
Yes	Yes	Yes	No
21	21	21	21
One year of service (1,000 hours) requirement with vesting schedule or two years with immediate vesting	N/A	One year of service (1,000 hours) requirement with vesting schedule or two years with immediate vesting	One year of service (1,000 hours) requirement with vesting schedule or two years with immediate vesting
N/A	N/A	N/A	N/A
Yes	Yes	Yes, but not available under Ameriprise prototype document	No
Yes	Yes	Yes	Yes
Yes	N/A	Yes	Yes