

Mariner Wealth Advisors

SIMPLE IRA vs. 401(k)

HAVE YOUR CLIENTS OUTGROWN THEIR SIMPLE IRA?

For small companies a SIMPLE IRA can make sense as a retirement savings option for both the business owner and their employees. But as the company grows, a SIMPLE IRA might no longer be a fitting solution.

By understanding the key differences between the 2 plans, you can quickly identify if now is the right time to convert to a 401(k) plan.

Key Differences - 401(k) plans allow for:



Higher Contributions

Ability for owners and employees to contribute more.



Higher Tax Deductions

Ability for greater personal and corporate deductions.



More Plan Design Options

Flexibility to meet both company and employee needs.



Profit Sharing

Ability to add Profit Sharing.

	SIMPLE IRA	401(k)
Number of employees	Maximum of 100	No limit
Who can contribute	Employer and employee	Employer and employee
Employee contribution limit	\$13,000*	\$19,000*
Catch up contribution limit	\$3,000*	\$6,000*
Employer contributions	Mandatory	Not mandatory
Employer contribution vesting	Immediate	Up to 6 years
Loans	Not allowed	Permitted
Profit sharing	Not allowed	Permitted (up to \$56,000)
Multiple retirement plans	Not allowed	Permitted
Plan year-end	Calendar year	Calendar or fiscal year
Plan design	Standard	Customized

* Maximum contribution in 2019

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