



# Do Your Clients Need More Than a Simple IRA?

Many companies set up Simple IRAs as retirement savings options that are easy to open and maintain, with benefits such as tax-deferred retirement saving and higher contribution limits than a traditional IRA. There comes a point for some companies where a 401(k) may be the better option.

Looking at the two plans side by side and identifying key differences between the options can help identify if now is the right time to convert from a Simple IRA to a 401(k).

## Key Benefits of a 401(K)

- ◇ Higher contribution limits for business owners and employees
- ◇ Potential for greater tax deductions on a personal and corporate basis
- ◇ Greater flexibility in plan design to meet each sponsor's unique needs
- ◇ Profit Sharing may be incorporated and, and can be allocated using a variety of formulas
- ◇ Ability to add loan provision
- ◇ Investments are held in a single trust. Participants may be offered individual accounts to invest within choices available, or trustee can manage all plan assets for participants

	SIMPLE IRA	401(k)
Number of Employees	Maximum of 100	No Limit
Who can contribute	Employer and employee	Employer and employee
Employee contribution limit	\$12,500 (increases to \$13,000 in 2019)	\$18,500 (increases to \$19,000 in 2019)
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 \$55,000)
Multiple retirement plans	Not allowed	Permitted
Plan year-end	Calendar year	Calendar or fiscal year
Plan design	Standard	Customizable

**If now is the time to convert from a Simple IRA to a 401(k), MAP Retirement can assist with plan design and administration.**  
 Contact us now to start the conversation – [info@map401k.com](mailto:info@map401k.com)

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