

Comparing Retirement Plans



| | SIMPLE IRA | SEP IRA | SOLO 401(K) | 401(K) | SAFE HARBOR 401(K) | PROFIT SHARING | CASH BALANCE |
|---|---|--|--|--|---|--|---|
| BASIC PLAN TYPE | IRA based | IRA based | Defined Contribution | Defined Contribution | Defined Contribution | Defined Contribution | Defined Benefit |
| WHO GENERALLY ADOPTS? | Sole proprietorships, partnerships, limited liability companies and corporations with 100 or fewer employees | Sole proprietorships, partnerships, and small businesses | Sole proprietorships, partnerships, limited liability companies and corporations with no common-law employees | Corporations, partnerships, limited liability companies | Sole proprietorships, partnerships, limited liability companies and corporations | Sole proprietorships, partnerships, limited liability companies and corporations | Sole proprietorships, partnerships, limited liability companies and corporations, but best-suited for smaller companies |
| CAN EMPLOYER SPONSOR EACH OTHER QUALIFIED RETIREMENT PLANS? | No | Yes | Yes | Yes | Yes | Yes | Yes |
| WHO CAN CONTRIBUTE? | Employee and Employer | Employer | Employee, Employer contributions are optional | Employee, Employer contributions are optional | Employee and Employer | Employer | Employer |
| COST INDEX | \$ | \$ | \$ to \$\$ | \$ to \$\$\$ | \$ to \$\$ | \$ to \$\$\$ | \$ to \$\$\$ |
| COMPLEXITY INDEX | Low | Low | Low | High | Medium | Medium | High |
| EMPLOYEE ELGIBILITY | All employees earning \$5,000 for any past two years and is expected to do so in current year. No age limit permitted. May exclude union employees. | Age requirement cannot exceed 21. Have earned compensation in three of the past five years. Receive compensation of at least \$600. May exclude union employees. | Age requirements cannot exceed 21. Service requirements can't exceed one year. | Age requirements cannot exceed 21. Service requirements can't exceed one year. May exclude union employees. | Age requirements cannot exceed 21. Service requirement can't exceed one year. May exclude union employees. | Age requirements cannot exceed 21. Service requirement can't exceed two year (requires immediate vesting if exceeds one year). May exclude union employees. | Age requirements cannot exceed 21. Service requirement can't exceed two year (requires immediate vesting if exceeds one year). May exclude union employees. |
| EMPLOYER CONTRIBUTIONS | Required match of 100% up to employee's compensation (may be reduced to 1% in 2 of any 5 years) OR 2% of compensation to all eligible employees. | Discretionary. Cannot exceed the lesser of 25% of the employee's compensation or \$69,000 (\$76,500 with catch-up) for 2024. | Discretionary. Maximum tax-deductible employer contribution is 25% of eligible payroll. Overall maximum contribution per eligible employee is 100% of compensation not to exceed \$69,000 (\$76,500 with catch-up) for 2024. | Discretionary. Maximum tax-deductible employer contribution is 25% of eligible payroll. Overall maximum contribution per eligible employee is 100% of compensation not to exceed \$69,000 (\$76,500 with catch-up) for 2024. | Required match of 100% on the first 3% of employee deferral plus 50% on the next 2% of employee deferral OR 3% of compensation to all eligible employees. | Discretionary. Maximum tax-deductible employer contribution is 25% of eligible payroll. Overall maximum contribution per eligible employee is 100% of compensation not to exceed \$69,000 (\$76,500 with catch-up) for 2024. | Amount necessary to fund annual benefits, as determined by Enrolled Actuary, that will result in an annual income benefit not to exceed \$275,000 for 2024. |

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| MAXIMUM EMPLOYEE DEFERRAL CONTRIBUTION | The lesser of \$16,000 for 2024 or 100% of compensation. Catch Up Contribution of \$3,500 for 2024 (age 50 and over). | N/A | The lesser of \$23,000 for 2024 or 100% of compensation. Catch Up Contribution of \$7,500 for 2024 (age 50 and over). | The lesser of \$23,000 for 2024 or 100% of compensation. Catch Up Contribution of \$7,500 for 2024 (age 50 and over). | The lesser of \$23,000 for 2024 or 100% of compensation. Catch Up Contribution of \$7,500 for 2024 (age 50 and over). | N/A | N/A |
| IRS REPORTING BY EMPLOYER | None | None | Form 5500-EZ when plan assets reach \$250,000 | Form 5500 | Form 5500 | Form 5500 | Form 5500 (DOL and PBGC filings also required, unless exempt) |
| ESTABLISHMENT DEADLINE | Any date between Jan 1 and Oct 1. As soon as administratively feasible for businesses established after Oct 1. | Up to the due date of the company's tax return deadline, including extensions. | Up to the due date of the company's tax return deadline, including extensions. Deferrals are not permitted prior to the establishment of the plan. | Up to the due date of the company's tax return deadline, including extensions. Deferrals are not permitted prior to the establishment of the plan | Any date between Jan 1 and Oct 1. No later than 3 months prior to the end of the plan year. | Up to the due date of the company's tax return deadline, including extensions. | Up to the due date of the company's tax return deadline, including extensions. |
| LOANS? | No | None | Yes | Yes | Yes | Yes | Yes, but rarely allowed. |
| ARE ROTH CONTRIBUTIONS ALLOWED? | No | No | Yes | Yes | Yes | N/A | N/A |
| FUNDING DEADLINE | Employee contributions must be deposited within 30 days after the end of the month in which the amounts would otherwise be payable to the employees in cash. Employer contributions must be deposited by the time the corporate tax return (with extensions) is filed for the tax year in which the deduction is being taken. | Funded by the time the corporate tax return (with extensions) is filed for the tax year in which the deduction is being taken. | UNINCORPORATED BUSINESSES: Employer/ Employee: Up to the due date of the company's tax return deadline, including extensions; employee deferral election must be in place no later than the last day of the current plan year. INCORPORATED BUSINESSES: Employer: Up to the due date of the company's tax return deadline, including extensions; Employee: As soon as administratively possible. | Employee contributions must be deposited as soon as administratively possible. Employer contributions must be deposited by the time the corporate tax return (with extensions) is filed for the tax year in which the deduction is being taken. | Employee contributions must be deposited as soon as administratively possible. Employer contributions must be deposited by the time the corporate tax return (with extensions) is filed for the tax year in which the deduction is being taken. | Contributions must be deposited by the time corporate tax return (with extensions) is filed for the tax year in which the deduction is being taken. | The due date of the company's tax return deadline, including extensions. |

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|-------------------------------|---|--|---|---|---|---|---|
| MINIMUM VESTING | Immediate | Immediate | Immediate. Employer contributions can be subject to vesting schedule. | Immediate on Employee Contributions. Employer contributions can be subject to vesting schedule. | Immediate | Employer contributions can be subject to vesting schedule. | Contributions can be subject to vesting schedule. |
| WHEN CAN WITHDRAWALS BE TAKEN | Withdrawals can be taken at any time. Withdrawals taken prior to an employee reaching age 59.5 and within the first two years of participation, may be subject to a 25% early withdrawal penalty. After two years, a 10% early withdrawal penalty may apply. Withdrawals are generally considered taxable income. | Withdrawals can be taken at any time. Withdrawals taken prior to an employee reaching age 59.5 may be subject to IRS penalties. Withdrawals are generally considered taxable income. | Withdrawals can generally be made for the following reasons: (1) termination of employment; (2) disability; (3) death; (4) retirement; (5) hardship. If taken prior to an employee reaching 59.5 may be subject to a 10% penalty. Withdrawals are generally considered taxable. | Withdrawals can generally be made for the following reasons: (1) termination of employment; (2) disability; (3) death; (4) retirement; (5) hardship. If taken prior to an employee reaching 59.5 may be subject to a 10% penalty. Withdrawals are generally considered taxable. | Withdrawals can generally be made for the following reasons: (1) termination of employment; (2) disability; (3) death; (4) retirement; (5) hardship. If taken prior to an employee reaching 59.5 may be subject to a 10% penalty. Withdrawals are generally considered taxable. | Withdrawals can generally be made for the following reasons: (1) termination of employment; (2) disability; (3) death; (4) retirement; (5) hardship. If taken prior to an employee reaching 59.5 may be subject to a 10% penalty. Withdrawals are generally considered taxable. | Payment of benefits after a specified event occurs, such as retirement, plan, termination, etc. |

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