

# Comparing Retirement Plans

## STATE MANDATED PLANS VS. CUSTOMIZED SIMPLE AND SEP IRA PLANS

|  | SIMPLE IRA   | SEP IRA  | State Mandated Plans   |
|--|--|--|--|
| <b>Available to Business Owners</b>                | 100 or fewer employees   | Any size business  | Generally, all employers with 5 or more employees                          |
| <b>Eligible Employees</b>                          | Employees with at least \$5,000 in compensation any 2 prior years  | Employees age 21, worked 3 of last 5 years and received at least \$750 (2023) in compensation                    | Generally, age 18, worked 180 days, earns taxable wages                    |
| <b>Employer Contributions</b>                      | Fixed 2% of compensation for all eligible employees <b>OR</b> dollar for dollar match on all employee contributions up to 3% of compensation | Lesser of 25% of annual compensation <b>OR</b> maximum of \$69,000 (2024) per employee                           | <b>None</b>  |
| <b>Employer Tax Credit: Employer Contributions</b> | Up to \$1000 per eligible employee for qualifying employer contributions made to the plan for the first 5 years                              | Up to \$1,000 per eligible employee for qualifying employer contributions made to the plan for the first 5 years | <b>None</b>  |
| <b>Employer Tax Credit: Startup Costs</b>          | Up to \$5,000 for the first 3 years of the plan for qualified plan startup costs   | Up to \$5,000 for the first 3 years of the plan for qualified plan startup costs                                 | <b>None</b>  |
| <b>Employer Tax Credit: Auto-Enroll</b>            | \$500 tax credit for putting an auto-enroll feature in the retirement plan   | \$500 tax credit for putting an auto-enroll feature in the retirement plan                                       | <b>None</b>  |
| <b>Employer Tax Deduction</b>                      | 100% of employer match or non-elective contribution  | Lesser of all contributions made or 25% of total compensation  | <b>None</b>  |
| <b>Employee Contributions</b>                      | <b>YES:</b> Employee \$16,000 limit \$3,500 catch up allowed for participants age 50+ (2024)   | Employee contributions are not permitted.  | <b>YES:</b> Auto-enroll contribution averages from 4 to 6% of compensation |
| <b>Administration Fees</b>                         | <b>No fees</b>   | <b>No fees</b>   | Employees average a \$20 to \$25 annual administrative fee                 |
| <b>Asset Management Fees</b>                       | <b>No fees</b>   | <b>No fees</b>   | Management fee ranges from .5% to 1.2%                                     |
| <b>Guidance and Assistance</b>                     | <b>YES:</b> Owner and employees assisted by NLG agent  | <b>YES:</b> Owner and employees assisted by NLG agent  | State run program website  |

Scan for SIMPLE and SEP IRA  
Plan Implementation Checklist  
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