

The 2024–2025 chart: Retirement plan options for a self-employed individual with no employees



Wealth Management

Feature	SEP	SIMPLE IRA	Owner-only 401(k)	Defined benefit pension
Key advantage	Easy to set up and maintain	Salary reduction plan with less administration	Often allows for a larger contribution than a SEP or SIMPLE IRA	Highest contribution allowed by IRS
Establishment deadline	Business' tax-filing deadline, including extensions.	October 1 of current year	Last day of business' taxable year. If sole proprietor or single member LLC establishment deadline is tax-filing deadline not including extensions.	Last day of business' taxable year
Contribution limits	Flexible contributions up to 25% of compensation with a maximum of \$69,000 for 2024 and \$70,000 for 2025.	<p>Employees can defer up to \$16,500 per year (2025), or 100% of compensation, whichever is less. Employees who are age 50 or older can defer an additional \$3,500. Enhanced SIMPLE IRA employee contributions of 110% of limits (for 2025 is \$17,600 and additional \$3,850 for employees 50 and older), automatically available for plans of 1–25 employees. 110% of elective deferral limit allowed for plans 26–100 employees if employer match is 4% or offers 3% non-elective contribution (effective 2024). Please note: To apply the enhanced employee elective deferral limits formal notice to participants is required.</p> <p>Employers can make (optional) additional nonelective contributions. Cannot exceed 10% of employee compensation or \$5,000, whichever is less. Please note: To apply the enhanced elective deferral limits or to increase employer contributions formal notice to participants is required.</p> <p>Effective January 1, 2025, there is a new catch-up contribution limit for participants of SIMPLE IRA plans ages 60–63 that is capped at \$5,000 or 50% more than the standard catch-up, whichever is greater. Beginning in 2026, this “additional catch-up” limit for those ages 60–63 will be indexed for inflation.</p>	<p>Two sources of contributions: Profit sharing contribution of up to 25% of compensation not to exceed \$69,000 (2024) or \$70,000 (2025)</p> <p>Salary deferrals up to \$23,000 per year (2024) and \$23,500 per year (2025). Individuals who are age 50 or older can defer an additional \$7,500 in 2024 and 2025. Total contribution cannot exceed \$69,000 or \$76,500 if age 50 or older (2024) and \$70,000 or \$77,500 if age 50 or older (2025).</p>	Actuarially computed based on factors such as compensation, age and years of service. Maximum benefit at age 65 is the lesser of \$275,000 for 2024 and \$280,000 for 2025 or 100% of the average highest three years of salary.

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Feature	SEP	SIMPLE IRA	Owner-only 401(k)	Defined benefit pension
Employer contribution deadlines	Business' tax-filing deadline, including extensions.	If business is incorporated, salary deferrals must be made through payroll withholding. Deferrals must be deposited into a SIMPLE IRA no later than the last day of the month following the month they were withheld. If business is sole proprietor or partnership, salary deferrals must be deposited within 30 days after the end of the tax year. For most people, this means deferrals are due by January 30 of the following year. Deadline for employer matching or nonelective contribution is business' tax-filing deadline, including extensions.	If business is incorporated, salary deferrals must be made through payroll withholding. Deferrals must be deposited to the plan as soon as administratively feasible. If business is sole proprietor or partnership, salary deferrals must be made by business' tax-filing deadline. Deadline for employer contributions is business' tax-filing deadline, including extensions.	Business' tax-filing deadline, including extensions. Quarterly deposits of plan contributions are required. However, to avoid a funding deficiency excise tax of 10% of the under funded amount a contribution must be made no later than eight months after the close of the plan year.
Funding requirements	Flexible	Flexible	Flexible	Annual minimum funding requirements
Catch-up provisions	No	Yes	Yes	No
Administrative responsibilities	Minimal, no employer tax filings	Minimal, no employer tax filings	Some administrative requirements—tracking of contributions, loans. IRS 5500-EZ filing required when plan assets exceed \$250,000 and annually thereafter.	Administrator required for contribution calculation, tracking of contributions, loans. IRS 5500-EZ filing required when plan assets exceed \$250,000 and annually thereafter.
Distributions	Withdrawals permitted anytime subject to ordinary income taxes, 10% premature distribution penalty may apply.	Withdrawals permitted anytime subject to ordinary income taxes, 10% premature distribution penalty may apply; penalty is increased to 25% during first two years.	Permitted after a specified event occurs (e.g., retirement, plan termination, etc.) Distributions subject to ordinary income taxes. In-service distributions may be allowed. 10% premature distribution penalty may apply.	Payments of benefits or distribution permitted after a specified event occurs (e.g., retirement, plan termination, etc.) Distributions subject to ordinary income taxes. In-service distributions are not allowed. 10% premature distribution penalty may apply.
Loan provisions*	No	No	Yes	Yes

* Loan Limits: Maximum of 50% of vested balance up to \$50,000. Payments must be made at least quarterly with level amortization. Please note, the plan document must be drafted to allow loans.

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