

# **Retirement Plans for Small Businesses**

---

**3<sup>rd</sup> Edition**

Marshall J. Heap, PhD, EA

# Table of Contents

---

<b>Retirement Plans for Small Businesses .....</b>	<b>1</b>
Learning Objectives .....	1
Introduction .....	1
SEP IRA Plan .....	1
Establishing A SEP IRA Plan .....	1
Eligible Employees .....	2
Contributions .....	2
Notification and Reporting Requirements .....	3
Testing Requirements .....	4
Advantages and Disadvantages of a SEP IRA Plan .....	4
SIMPLE IRA Plan .....	4
Establishing a SIMPLE IRA Plan.....	5
Eligible Employees .....	5
Contributions .....	5
Notification and Reporting Requirements .....	7
Testing Requirements .....	7
Advantages and Disadvantages of a SIMPLE IRA Plan.....	7
Solo 401(k) Plan .....	8
Establishing a Solo 401(k) Plan.....	8
Contributions .....	8
Annual Reporting .....	9
Testing Requirements .....	10
Advantages and Disadvantages of a Solo 401(k) Plan .....	10
Safe Harbor 401(k) Plan .....	10
Establishing a Safe Harbor 401(k) Plan.....	10
Contributions .....	10
Automatic Enrollment 401(k).....	11
Qualified Automatic Contribution Arrangement.....	12
Notification and Reporting Requirements .....	12
Testing Requirements.....	13
SIMPLE 401(k) Plan .....	13
Establishing a SIMPLE 401(k) Plan.....	14
Contributions .....	14
Notification and Reporting Requirements .....	14
Testing Requirements .....	15
Advantages and Disadvantages of a SIMPLE 401(k) Plan.....	15
Tax Credits .....	15
Small Employer Pension Plan Startup Costs Credit.....	15
Credit for Qualified Retirement Savings Contributions .....	16
Key Features Distinguishing Small Business Retirement Plans .....	16
Traditional IRA.....	17
Eligible Taxpayers .....	17
Contributions .....	17
Tax Credits .....	19
Advantages and Disadvantages of a Traditional IRA.....	19
Roth IRA.....	20
Contributions .....	20
Tax Credits .....	22
Advantages and Disadvantages of a Roth IRA.....	22

## Table of Contents

Key Features Distinguishing Traditional and Roth IRAs .....	22
Review Questions.....	23
Review Answers .....	24
<b>Glossary.....</b>	<b>25</b>
<b>Index .....</b>	<b>31</b>