

A RETIREMENT SOLUTION THAT GROWS WITH YOUR BUSINESS

Sponsoring and maintaining a retirement plan for a small business can seem challenging, but it's one of the most important decisions you can make as a business owner. That's why we're here to offer retirement benefits that are simpler — and more flexible — than you might expect.

Many small business owners offer SEP or SIMPLE IRA plans as their retirement savings program. As your business grows, additional retirement program flexibility can be a meaningful enhancement. That's why Transamerica offers 401(k) solutions to businesses of varying sizes. A 401(k) plan offers higher contribution rates than SEP or SIMPLE IRAs and includes more options for managing costs and deductions, maximizing contributions, and accessing funds penalty-free.¹ Plus, our 401(k) solution may reduce your administrative burden, transfer certain risks, and reduce the overall plan cost.

CONSIDER THE DIFFERENCES BETWEEN THESE THREE PROGRAMS

	401(k)	SEP IRA	SIMPLE IRA
WHO CAN CONTRIBUTE	Employer (optional) + employee	Employer only	Employer + employee
EMPLOYEE CONTRIBUTIONS IN 2022 (MAXIMUM)	Up to \$20,500 in salary deferrals, or \$27,000 if age 50 or older	N/A	Up to \$14,000 in salary deferrals; \$17,000 for age 50+
EMPLOYER CONTRIBUTIONS IN 2022	Employers can match contributions or make profit-sharing contributions up to 25% of compensation; combined employer/employee contribution max: \$61,000	Up to 25% of compensation up to max 61,000	Depending on the plan, either: 1) Match employee contributions up to 3% of compensation; can be reduced to 1% in any two out of five years 2) Or contribute 2% of each eligible employee's compensation, up to \$6,100
VESTING	Depends on the plan: multiyear options or immediate Employee deferrals are always 100% immediately vested	Immediate	Immediate
ACCESS TO FUNDS BEFORE 59½¹	Plan determines loan availability; early withdrawal options may be available as long as IRS requirements are met and the plan allows it	Anytime, however 10% penalty for withdrawal before age 59½	Anytime, however 25% penalty for withdrawing within first two years of participating, 10% if under 59½ ²
PLAN SETUP DEADLINE	October 1 for safe harbor 401(k)s, otherwise December 31*	By employer's tax filing deadline, plus extensions	October 1*
ANNUAL NOTICE REQUIREMENT	Safe harbor 401(k): December 1	N/A	November 1



WE'RE HERE TO HELP

Whether you are considering establishing a new 401(k) plan or converting your existing SEP or SIMPLE IRA plan, we'd be happy to discuss the advantages of a 401(k) and the potential for both cost savings and tax benefits for your business.

While SEP and SIMPLE IRAs offer small business retirement plan solutions, the benefits of a 401(k) are clear:

- More flexibility
- Higher contribution limits for all
- Opportunity to maximize contributions
- Penalty-free access to assets¹
- Both employee and employer can contribute
- SEP/SIMPLE IRAs can have high withdrawal penalties
- Loan availability allows employees to pay back early withdrawals

Due to IRS rules, timing is critical when considering replacing a SEP or SIMPLE IRA with a 401(k) plan. Those rules include:

- SIMPLE IRAs must be the sole retirement plan in effect for the year
- SIMPLE IRAs cannot be terminated mid-year
- For a SIMPLE IRA to be terminated at year-end, participants must be notified at least 60 days in advance (by November 2)

Contact Transamerica to learn how we can help you find the right retirement plan solution for your business.



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* Employers may not have a SIMPLE IRA & 401(k) in the same calendar year.

¹ Certain requirements must be met for loans and withdrawals to be taken without penalty, depending on plan provisions.

² Certain exceptions apply to penalties for distributions prior to 59½.

Before adopting any plan you should carefully consider all of the benefits, risks, and costs associated with a plan. Information regarding retirement plans is general and is not intended as legal or tax advice. Retirement plans are complex, and the federal and state laws or regulations on which they are based vary for each type of plan and are subject to change. In addition, some products, investment vehicles, and services may not be available or appropriate in all workplace retirement plans. Plan sponsors and plan administrators may wish to seek the advice of legal counsel or a tax professional to address their specific situations.

