



# 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. The Greater Akron Chamber has partnered with Transamerica, CAPTRUST and Rea & associates to offer the Greater Akron Chamber 401(k) Retirement Plan. A 401(k) plan offers higher contribution rates than SEP or SIMPLE IRAs and includes more options for managing costs and deductions and accessing funds penalty-free.<sup>1</sup> Plus, a 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
<b>WHO CAN CONTRIBUTE</b>	Employer (optional) + employee	Employer only	Employer + employee
<b>EMPLOYEE CONTRIBUTIONS IN 2023 (MAXIMUM)</b>	Up to \$22,500 in salary deferrals, or \$30,000 if age 50 or older	N/A	Up to \$15,500 in salary deferrals; \$19,000 for age 50+
<b>EMPLOYER CONTRIBUTION IN 2023</b>	Employers can match contributions or make profit-sharing contributions up to 25% of compensation; combined employer/employee contribution max: \$66,000	Up to 25% of compensation up to max \$66,000	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 \$6,600
<b>VESTING</b>	Depends on the plan: multi-year options or immediate  Employee deferrals are always 100% immediately vested	Immediate	Immediate
<b>ACCESS TO FUNDS BEFORE 59½<sup>1</sup></b>	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 <sup>2</sup>
<b>PLAN SETUP DEADLINE</b>	October 1 for safe harbor 401(k)s, otherwise December 31*	By employer's tax filing deadline, plus extensions	October 1*
<b>ANNUAL NOTICE REQUIREMENT</b>	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 assets<sup>1</sup>
- 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)

## Ready to learn more?



### EMAIL

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### CALL

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CAPTRUST



Rea & associates  
CPAs and business consultants



TRANSAMERICA®

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

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

<sup>2</sup> 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.

While a multiple employer plan (MEP) arrangement offers adopting employers the ability to delegate fiduciary functions to the MEP provider, employers should be aware that they still retain fiduciary responsibility for selecting and monitoring the MEP provider. Adopting employers of a MEP must share a commonality — a connection among the adopting employers such as a trade, professional organization, or PEO — and the MEP is treated as a single plan. A violation of the qualification rules by an adopting employer would not affect the qualified status of the plan as a whole (known as the “one bad-apple” rule or the “unified plan” rule) provided the plan document addresses how to spin-off a non-compliant employer.

The Retirement Plan Exchange®/Group Plan Solution<sup>SM</sup> is not a multiple employer plan (MEP). Unlike a MEP, certain plan qualification and ERISA requirements are applied at the individual plan level. An employer participating in the plan retains certain fiduciary responsibilities, including responsibility for retaining and monitoring the 3(16) plan administrator, for determining the reasonableness of its fees, and for periodically reviewing the plan as a whole. Transamerica does not act as a 3(16) plan fiduciary. Pooled employer plans (PEPs) are a new type of multiple employer plan for which the Department of Labor (DOL) and IRS guidance is still pending in a number of areas. An employer participating in the plan retains certain fiduciary responsibilities, including responsibility for retaining and monitoring the Pooled Plan Provider (PPP), for determining the reasonableness of its fees, and for periodically reviewing the plan as a whole. Among other responsibilities, the PPP acts as the 3(16) plan fiduciary. Transamerica does not act as a 3(16) plan fiduciary.

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