# A retirement solution that grows with your business



**Many small businesses use SEP or SIMPLE IRA plans as their retirement program. As business needs evolve, Transamerica offers 401(k) solutions designed to support organizations of varying sizes.**

## 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 2026 (maximum)** | Up to $24,500 (under age 50)<br>Up to $32,500 (ages 50-59,64+)<br>Up to $35,750 (ages 60-63) | N/A | Up to $17,000 (under age 50)<br>Up to $21,000 (ages 50-59, 64+)<br>Up to $22,250 (ages 60-63) |
| **Roth contributions allowed** | Yes | N/A | Yes |
| **Employer contributions in 2026** | Up to $72,000 (under age 50)<br>Up to $80,000 (ages 50-59, 64+)<br>Up to $83,250 (ages 60-63) | Up to 25% of compensation up to max $72,000 | Depending on the plan, either:<br>1) Standard match: Up to 3% of compensation<br>2) Reduced match: Can be reduced to 1% in any two out of five consecutive years.[1]<br>3) Non-elective: In lieu of the match, the employer may make a matching contribution of 2% of compensation for every eligible employee, regardless of whether they contribute. |
| **Vesting** | Depends on the plan: Multi-year options or Immediate<br>Employee deferrals are always 100% immediately vested | Immediate | Immediate |
| **Access to funds before 59½[2]** | 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[3] |
| **Plan setup deadline** | October 1 for safe harbor 401(k)s, otherwise December 31[4] | By employer's tax filing deadline, plus extensions | October 1 |
| **Annual notice requirement** | Annual notice not less than 90 days or later than 30 days prior to plan year start | N/A | November 2 |
| **Limit on number of covered employees** | None | None | Generally less than or equal to 100 |
| **Protection from creditors** | ERISA-covered plans are protected from creditors | Limited state protection in bankruptcy | Limited state protection in bankruptcy |

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## We're here to help

Whether you're 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[1]
- Both employee and employer can contribute
- SEP/SIMPLE IRAs can have high withdrawal penalties
- Loan availability allows employees to pay back early withdrawals

**Because of IRS rules, timing is critical when replacing a SEP or SIMPLE IRA with a 401(k) plan, but recent regulatory changes make it easier than ever. Those rules include:**

- A SIMPLE IRA may be replaced with a safe harbor 401(k) plan or a starter 401(k) plan at any time during the plan year if certain criteria are met, including waiver of the two-year rollover limit in SIMPLE IRAs
- Terminating a SIMPLE IRA requires notices to participants and rollover of participant balances to the new plan

## Learn more.


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

[2]Employers with 25 or fewer employees can increase limits up to 10% on deferrals and catch-up contributions. Employers with 26-100 employees may apply higher limits if the plan provides a 4% match or 3% non-elective contribution.

[3] Certain exceptions apply to penalties for distributions prior to 59½.

[4]Generally, employers may not have a SIMPLE IRA & 401(k) in the same calendar year. A SIMPLE IRA may be replaced with a safe harbor 401(k) plan or a starter 401(k) plan at any time during the plan year if certain criteria are met, including waiver of the two-year rollover limit in SIMPLE IRAs.

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.

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