

林麗淑會計師聯合專業公司
Lisu L. Tan Co., Ltd., CPAs

Employer-Sponsored Retirement Plans

	SEP IRA (Simplified Employee Pension)	SIMPLE IRA (Savings Incentive Match Plan for Employees)	401(k) (Solo 401(k) please see <i>note 1</i>)
2025 & 2026 contribution limits	<p>Employer: Up to 25% of compensation (<i>note 2</i>); same % to employee accounts</p> <p>Employee: N/A</p>	<p>Employer: 1) 100% match on the first 3% deferred (match may be reduced to 1% in two out of five years) or 2) a 2% non-elective contribution on behalf of all eligible employees.</p> <p>Employee: For 2025: Up to \$16,500 in salary deferrals; \$20,000 if age 50 or older. For 2026: Up to \$17,000 in salary deferrals; \$21,000 if age 50 or older.</p>	<p>Employer: Up to 25% of compensation (<i>note 2</i>)</p> <p>Employee: For 2025: Up to \$23,500 in salary deferrals; \$31,000 if age 50 or older. For 2026: Up to \$24,500 in salary deferrals; \$32,500 if age 50 or older.</p>
Max. contribution across all plans	Total employer & employee contributions across all plans cannot exceed: \$70,000 for 2025; \$72,000 for 2026 If age 50 or older: \$77,500 for 2025; \$78,500 for 2026		
Plan setup deadlines	Establish by employer's tax filing deadline, plus extensions.	Establish by October 1.	Establish by December 31 (or fiscal year-end).
Withdrawals	10% early withdrawal penalty may apply for withdrawals taken prior to age 59½ if no exceptions apply.	10% early withdrawal penalty (25% for first 2 years of plan participation) if under age 59½, subject to certain exceptions.	10% early withdrawal penalty applies if you are under age 59½ and taking a distribution.
Exception to Penalties	1st-time home buyer, higher education, employment termination (after 55), military, medical, disability, death, qualified birth/adoption, etc. Varies by plan.		
Required Minimum Distributions	Required minimum distributions start at age 73.		

Source: Fidelity website.

Notes:

1. Solo 401(k) can be set up for self-employed individual (Schedule C filer) or business owner with no employees other than a spouse. For solo 401(k), annual Form 5500 filing after plan assets exceed \$250,000.

2. For self-employed people, contribution limit is 20% of net earnings from Schedule C.