

Retirement Plan Options for Veterinary Practices

	SIMPLE -IRA	Safe Harbor 401(k)- Profit Sharing Plan	Cash Balance Plan + Safe Harbor 401(k)-PSP
Key advantages	Payroll-Deduction plan with less administration	<ol style="list-style-type: none"> Higher limits. ROTH Flexible plan design 	<u>Highest</u> contribution limits
Contribution Maximum:	\$13,500 salary deferral (\$16,500 if age 50+) <i>PLUS</i> 3% Employer Matching	\$57,000 (\$63,500 if age 50+)	\$200,000 (approx.)* <i>*Requires \$285k in wages</i>
Required Employer Contribution on behalf of Employees	Matching 100% to 3% <i>OR</i> Automatic Contribution 2%	Safe Harbor requires Matching 3% - 4% of pay <i>AND</i> Profit Sharing requires add'l. 1%-3% annually	Varies. A 10% contribution to EE's is often req'd for Owners to maximize. Ideally plan maintained for min. 5-7 yrs. ⁽¹⁾
Vesting Schedule?	No	Safe Harbor – No Profit Sharing – Yes (6 years max.)	Yes (6 years max.)
Loans?	No	Yes (optional)	No
Investment Flexibility	Yes – mutual funds	Yes – mutual funds	Yes – is a pooled account directed by Trustee
Fund Fee⁽²⁾	1.0% - 1.5%	1.0% - 1.5%	1.0% - 1.5%
Plan Establishment Fee	\$10 per employee	\$3,500'ish (1x)	\$5,000'ish (1x)
Annual Administration required:	No required employer tax filings; Annual notifications to Employees by Nov. 1.	IRS form 5500 + related tests must be completed & filed with IRS/DOL annually.	Same as 401(k) plus add'l filings; Actuarial services required.
Est.'d Fee for Annual Administration:	N/A	\$2,000 + \$75/head	\$4,000 + \$100/head
Protection from Creditors	Some (ex. Bankruptcy; but not from General Creditors)	Highest	Highest

⁽¹⁾ Substantial & material changes to business &/or economic climate may mitigate this.

⁽²⁾ Includes fees for plan record-keeping + investments funds + plan advisor/consultant

