

SEP IRA and Exclusive(k)[®] plan comparison



SEP IRA

EXCLUSIVE(k)

PLAN ADMINISTRATION

Who may establish	All business types, profit and not-for-profit of any size	Companies that employ only the owner(s) and spouse(s), if applicable, and have no common law employees who work more than 1,000 hours/year
Testing	None	None
Establishment	New plan must be established by employer's tax filing due date, plus extensions	New plan must be established by the last business day of the company's fiscal year

PARTICIPANT ELIGIBILITY

Maximum employee eligibility requirements	<ul style="list-style-type: none"> • Age 21 • Has worked for the employer at least three of the immediately preceding five years, and • Has earned at least \$600 (indexed for inflation) in compensation 	<ul style="list-style-type: none"> • Owner(s), and spouse(s) if spouse(s) are active employees • Receives W-2 income, owner(s) may receive Sole Proprietor 1099 income
Excludable employees	Certain union employees or nonresident alien employees	<ul style="list-style-type: none"> • Part-time employees working less than 1,000 hours/year • Certain union employees or nonresident alien employees

CONTRIBUTIONS

Vesting	No vesting schedule	No vesting schedule
Salary deferral feature	Not allowed on SEPs established after Jan. 1, 1997	Current discretionary limits: <ul style="list-style-type: none"> • Maximum \$19,000 • \$6,000 catch-up provision for participants age 50 or older • Salary deferral Roth (after-tax) contributions are available
Employer contributions	Current discretionary limits: <ul style="list-style-type: none"> • Maximum is 20% of adjusted net business income or 25% of W-2 compensation, not to exceed \$56,000 	Current discretionary limits: <ul style="list-style-type: none"> • Maximum is 20% of adjusted net business income or 25% of W-2 compensation, not to exceed \$56,000 when combined with salary deferral feature • Age 50 or older not to exceed \$62,000 with catch-up provision
Contribution due date	Contributions due by employer's tax filing due date, plus extensions	<ul style="list-style-type: none"> • Employer contributions due by employer's tax filing due date, plus extensions • Employee salary deferrals must be deposited as soon as possible and no later than the 15th day of the month following the month deferred
Annual custodial fee	\$18	\$18

The investments inside of a retirement plan involve investment risk, including the possible loss of principal.

Securities and Investment Advisory Services offered through Waddell & Reed, Inc., a Broker/Dealer, Member FINRA/SIPC and Federally Registered Investment Advisor.

Waddell & Reed, Inc. and its advisors do not provide legal or tax advice. This information is for educational purposes only, and you should consult with your tax or legal advisor for more information specific to your situation.

NOT FDIC/NCUA INSURED | MAY LOSE VALUE | NO BANK GUARANTEE | NOT A DEPOSIT | NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY

waddell.com

WADDELL & REED, INC. MRP7117/41421 (01/19)