

# Comparing Retirement Plans

## STATE MANDATED PLANS VS. CUSTOMIZED SIMPLE AND SEP IRA PLANS

2025 Tax Year	SIMPLE IRA	SEP IRA	State Mandated Plans
<b>Available to Business Owners</b>	100 or fewer employees	Any size business	Generally, all employers with five or more employees
<b>Eligible Employees</b>	Employees with at least \$5,000 in compensation any two prior years	Employees age 21, worked three of last five years and received at least \$750 (2023) in compensation	Generally, age 18 or older, worked 180 days, earns taxable wages
<b>Employer Contributions</b>	Fixed 2% of compensation for all eligible employees <b>OR</b> dollar for dollar match on all employee contributions up to 3% of compensation	Lesser of 25% of annual compensation <b>OR</b> maximum of \$70,000 per employee	<b>None</b>
<b>Employer Tax Credit: Employer Contributions</b>	Up to \$1000 per eligible employee for qualifying employer contributions made to the plan for the first five years	Up to \$1,000 per eligible employee for qualifying employer contributions made to the plan for the first five years	<b>None</b>
<b>Employer Tax Credit: Startup Costs</b>	Up to \$5,000 for the first three years of the plan for qualified plan startup costs	Up to \$5,000 for the first three years of the plan for qualified plan startup costs	<b>None</b>
<b>Employer Tax Credit: Auto-Enroll</b>	\$500 tax credit for putting an auto-enroll feature in the retirement plan	\$500 tax credit for putting an auto-enroll feature in the retirement plan	<b>None</b>
<b>Employer Tax Deduction</b>	100% of employer match or non-elective contribution	Lesser of all contributions made or 25% of total compensation	<b>None</b>
<b>Employee Contributions</b>	<b>YES:</b> 100% of pay up to \$16,500 Age 50 or older: plus: \$3,500 catch up Age 60–63: plus \$5,200 special catch up	Employee contributions are not permitted.	<b>YES:</b> Auto-enroll contribution averages from 4% to 6% of compensation
<b>Administration Fees</b>	<b>No fees</b>	<b>No fees</b>	Employees average a \$20 to \$25 annual administrative fee
<b>Asset Management Fees</b>	<b>No fees</b>	<b>No fees</b>	Management fee ranges from 0.5% to 1.2%
<b>Guidance and Assistance</b>	<b>YES:</b> Owner and employees assisted by NLG agent	<b>YES:</b> Owner and employees assisted by NLG agent	State run program website

Scan QR code for the SIMPLE and SEP IRA  
Plan Implementation Checklist

Or go to: [natl.life/IRApplan](https://natl.life/IRApplan)

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