

Which plan is best for you?

Salary deferral plans

Employer contribution only plans

	Traditional 401(k)	Owner-only 401(k)	SIMPLE IRA	SEP	Profit sharing
Suited for	Typically larger companies Qualified tax-exempt organizations (including Indian tribes) Government organizations excluded	Incorporated or unincorporated businesses that employ only owners and their spouses. The business cannot have any employees, unless they may be disqualified under federal qualified plan requirements	Companies with no more than 100 eligible employees and no other retirement plan Qualified tax-exempt organizations (including Indian tribes) and governmental entities	Typically smaller companies (no more than 25 employees)	Companies with variable earnings or those who want the flexibility to vary contributions
Maximum Employee Eligibility	Employees who are at least 21 and have 1 year of service	Eligible participants include owners of sole proprietorships, partnerships and corporations, and their spouses (if they work in the business)	Any employee who received at least \$5,000 in compensation during any 2 prior years of service and is expected to earn at least \$5,000 in the current year	Employees who are at least 21, have worked 3 out of the last 5 years and have received \$500 in compensation for the year	Employees who are at least 21 and have 1 year of service (or 2 years with immediate vesting)
Annual Compensation Limit for Participants¹	\$225,000	\$225,000	\$225,000 for nonelective contributions No compensation cap for matching contributions	\$225,000	\$225,000
Maximum Annual Participant Elective Deferral¹	\$15,500—up to 100% of compensation. Highly Compensated Employees (HCEs) subject to discrimination testing	\$15,500—up to 100% of compensation	\$10,500—up to 100% of compensation	Not permitted	Not permitted
Catch-Up Contributions^{1,2}	\$5,000	\$5,000	\$2,500	Not permitted	Not permitted
Employer Contribution Limits³	Employer may make a discretionary matching or profit-sharing contribution Maximum: Participant deferral + employer contributions combined = 100% of compensation up to \$45,000. (Generally, deductible contributions to profit-sharing plans are limited to 25% of compensation of all participants)	Employer may make a discretionary matching or profit-sharing contribution Maximum: Participant deferral + employer contributions combined = 100% of compensation up to \$45,000. (Generally, deductible contributions to profit-sharing plans are limited to 25% of compensation of all participants)	Employer must satisfy 1 of the following 2 formulas: <ul style="list-style-type: none">Match employee elective contributions dollar for dollar up to 3% of compensation, maximum \$10,500. Employer may elect a lower percent (not less than 1%) option 2 times in 5 yearsMake a 2% of compensation nonelective contribution on behalf of each eligible employee, maximum \$4,500	Maximum: Lesser of 25% of employee's annual compensation or \$45,000	Employer contributions may be made on a discretionary basis Maximum: Lesser of 100% of employee's annual compensation or \$45,000. (Generally, deductible contributions to profit-sharing plans are limited to 25% of compensation of all participants)

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Vesting — Employer Contributions	Maximum of 6 years	Immediate	Immediate	Immediate	Maximum of 6 years
Top-Heavy Testing	Required—top-heavy plans require employer contributions of up to 3% of compensation to all eligible non-key employees	Not required	Not required	Required	Required—top-heavy plans require employer contributions of up to 3% of compensation to all eligible employees
IRS Withdrawal Penalties (subject to other exceptions)	10% for participants under 59½	10% for participants under 59½	25% during first 2 years for participants under 59½; 10% in later years for participants under 59½	10% for participants under 59½	10% for participants under 59½
5500 Filing	Yes	Yes, but only after assets reach \$100,000	No	No	Yes
Other Plans Allowed	Yes	Yes	No	Yes, if prototype document is used	Yes
Last Available Date to Establish the Plan	Last day of business tax year	Last day of business tax year	October 1st	Filing due date + extensions	Last day of business tax year
Last Available Date for Employer Contributions	Filing due date + extensions	Filing due date + extensions	Filing due date + extensions	Filing due date + extensions	Filing due date + extensions
Loans Available	Yes	Yes	No	No	Yes
Administration Costs	Setup Fee: Yes Annual Fee: Paid by employer or employees	Setup Fee: Yes Annual Fee: Yes	Setup Fee: No Annual Fee: IRA fees only, paid by employees	Setup Fee: No Annual Fee: IRA fees only, paid by employees	Setup Fee: Yes Annual Fee: Paid by employer or employees

This sheet is an overview of some popular retirement plan options. For detailed information on a specific plan for your company, contact your investment professional. You should also consult your tax adviser before establishing a retirement plan or making changes to an existing plan.

¹ 2007 limits; amounts are indexed.

² Participants age 50 or older may make catch-up deferral contributions.

³ Unincorporated businesses may have different limits.



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