

Which Retirement Plan is Right for My Business?

Created by Nick Garofalo | Openhanded Wealth

Choosing the right retirement plan for your business is an important step. This guide is here to help you figure out if a 401(k) or another retirement plan is the best fit for you. This isn't personal advice, but it will walk you through your options so you can make a smarter decision. Let's get started.

No - My Business Does Not Have Employees

If you don't have employees, your options are simpler. Here are three plans to think about:

- **Solo 401(k):** Great if you're self-employed and want to save a lot for retirement. It lets you contribute more than other plans, but it takes a little extra work to set up.
- **SEP IRA:** This is easy to set up and manage. However, the amount you can contribute is based on your income and has a lower limit than some other plans.
- **Defined Benefit Plan:** Best for people earning a lot of money who want to save big on taxes and put away the most for retirement. These plans cost more to run and are more complicated.

Yes - My Business Has Employees

If you have employees, you have more options, but the plans may come with rules to follow.

1. Do You Want to Contribute to Your Employees' Accounts?

- **No:** Look into a Starter 401(k). This is a newer plan that's simple and inexpensive. It limits how much employees (including you) can contribute, but you can also save in an IRA at the same time.
- **Yes:** You'll have more choices, like a Safe Harbor 401(k) or a Defined Benefit Plan. These let you contribute more, but they come with extra costs and rules.

2. What Matters Most to You?



Flexibility

A Traditional 401(k) lets you decide how much to contribute to employees' accounts each year, but there are more rules to follow.



Easy Setup

SIMPLE IRAs or Safe Harbor 401(k)s are less work to manage and still offer good benefits for you and your employees.



Saving the Most

Safe Harbor 401(k)s or Defined Benefit Plans are great for saving a lot while also helping your employees.

Quick Plan Summaries

- **SEP IRA:** Great for business owners without employees who want a low-cost, easy retirement plan. You can save up to 25% of your income, but the total contribution is capped each year.
- **Solo 401(k):** Perfect for self-employed people or single-owner businesses who want to save more for retirement. You can contribute as both the “employee” and “employer,” allowing for higher savings than many other plans.
- **Starter 401(k):** A simple plan for businesses offering a retirement option for the first time. It’s easy to set up and run but limits how much you and your employees can contribute each year.
- **Safe Harbor 401(k):** Ideal for businesses with employees looking to save on taxes and offer retirement benefits. It avoids some compliance testing by requiring employer contributions, which can be a win-win for you and your team.
- **Defined Benefit Plan:** Best for high earners who want to save the most for retirement. These plans let you set a future payout goal and contribute enough now to meet it, reducing taxes significantly.

Want to know more? Let’s talk.

Every business is different. The right plan depends on what you want, how much you make, and how much work you’re okay with managing. If you’re not sure what’s best, book a free meeting with us. We’ll help you figure out a plan that works for your business and retirement goals.

[Book Your Financial Strategy Session](#)

Disclaimer: **Openhanded Wealth, LLC** is a registered investment adviser in Holly Springs, GA, serving Christian families and business owners earning \$250,000+/yr with under \$500,000 invested. We provide comprehensive financial planning, investment management, and business consulting, led by Nick Garofalo—CFP® Candidate with 10+ years of experience helping entrepreneurs optimize their businesses and build wealth. **This content is for informational purposes only** and does not constitute advisory services or securities sales. Investing involves risk, including potential loss of principal. Consult your tax, legal, or investment advisor before acting on any information provided.