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Benefits/Pros

- *This plan lets you defer taxes until you actually take the money out.*
- *You can deduct your contributions*
- *The contribution limits are much higher than a Simple, traditional, or Roth IRA.*
- *With this plan, you can contribute as much as $49,000 a year.*
- *This plan can allow you to significantly decrease the amount of income that you have to pay taxes every year.*
- *This plan allows you to invest more money into the financial markets and earn greater returns.*
- *Like a 401k you can invest in stocks, bonds, mutual funds, annuities, and several other types of securities(allows fir great flexibility in investments).*

Downfall/Cons

- *You have to be a self-employed individual to start one of these plans.*
- *You will not have access to your money until you reach retirement age.*
- *This plan can be very difficult to set up because of their complexity.*
- *Early-withdrawal fees(very high) and penalties*
- *If the participant is a more then 5% owner, payments must begin by April 1 of the year after reaching 70 1/2 whether or not the participant has retired.*

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401k Plan

A 401k is a retirement savings plan sponsored by an employer. It lets workers save and invest a piece of their paycheck before taxes are taken out.

Benefits/Pros

- High contribution limits
- Income tax benefits include investing with pretax dollars and tax deferred growth on the account until time of distribution.
- Loans in the event of an emergency or financial crisis.
- Deferred taxes-No tax on interest or capital gains until the time of distribution
- Matching- Employers are allowed to match up to 6% of your salary

Downfall/Cons

- Most plans have limited flexibility as it relates to quality investment options.
- Fees can be high
- There can be early withdrawal penalties equal to 10% of the amount withdrawn.
- Waiting periods-often a waiting period before employees can initiate a 401k plan with an employer, sometimes six months or up to one year.

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My Opinion

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Looking at the two plans i had a pretty hard time choosing. Once again it is hard to chose one because they both have pretty heavy cons that i dislike. However i decided to chose the 401k plan. To me it has a better list of pros and i feel like it would be much more beneficial to me. Plus it allows you to save and invest a piece of their paycheck before taxes are taken out. To me this is very important considered the fact that the government takes out a lot of taxes. It also has loans that can help if an emergency happens. I think that this is also important because anything can happen and you want some guarantee that your money is okay.

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Some other facts about the other 3 savings plans