

## 2021 RETIREMENT PLAN COMPARISON CHART



	SIMPLE-IRA	SEP-IRA	Solo 401(k)	401(k) Plan	Safe Harbor 401(k) Plan	Profit Sharing Plan	Cash Balance Plan / Defined Benefit Plan
<b>Typical Plan Sponsor</b>	All businesses with fewer than 100 employees.	All businesses.	All businesses with <u>no common law employees</u> .  Owner Only or Owner – Spouse Only.	All businesses, except governmental agencies. Note – Governmental agencies could establish 401(k) plans prior to 1986.	All businesses, except governmental agencies.	All businesses.	All highly profitable businesses with consistent profit patterns.
<b>Funding</b>	Employee and employer.	Employer.	Employee and employer.	Employee and employer.	Employee and employer.	Employer.	Employer.
<b>Advantages</b>	Provides pre-tax retirement savings and easy administration. No tax filings required.	Provides significant employer tax-deductions. No tax filings required.	Allows Sole-proprietors the ability to contribute maximum deferrals plus 20% to 25% of their income to a bankruptcy proof trust. No tax filings until assets reach \$250K.  May contribute up to \$64,500 in ROTH contributions for high income taxpayers.	Provides an effective tax tool and employee benefit with employer control. Roth contributions allowed for high income taxpayers.	Great for small, family owned businesses who wish to avoid ADP/ACP and Top-Heavy discrimination tests. Roth contributions allowed.	Often added to a 401k giving the sponsor the discretion to contribute a total of 25% of eligible plan compensation. Contribution amounts can vary greatly among owners and eligible employees.	Allows owners who are age 35+ to contribute much higher contributions per year. These plans are typically paired with 401k plans to achieve individual annual contribution limits of \$100,000 to \$300,000+.
<b>Eligibility Requirements</b>	Employees earning \$5,000 in two prior years. Note – there is no minimum hour's requirement allowed.	Employees earning \$600 during 3 out of the last 5 years. May impose age 21.  Note- there is no minimum hour's requirement allowed.	Varies depending on situation.	May impose age 21 and 1 year of service with 1,000 hours.	May impose age 21 and 1 year of service with 1,000 hours.	May impose age 21 and 1 year of service with 1,000 hours. 2 years if 100% immediate vesting.	May impose age 21 and 1 year of service with 1,000 hours. 2 Years if 100% immediate vesting.
<b>Maximum Annual Individual Contribution</b>	100% of compensation up to \$13,500 (indexed) Additional \$3,000 in catch- up deferrals if age 50+.	The lesser of 25% of compensation, or \$58,000.	100% of Income up to \$19,500 in employee deferrals. Additional \$6,500 in catch-up deferrals if age 50+. Additional Employer profit-sharing or ROTH contribution of \$38,500.	100% of compensation up to \$19,500 in employee deferrals. Additional \$6,500 in catch-up deferrals if age 50+.	100% of compensation up to \$19,500 in employee deferrals (indexed). Additional \$6,500 in catch-up deferrals if age 50+.	Employer contribution up to \$58,000.	Not applicable.
<b>Maximum Annual Employer Contribution</b>	Choice of two required contributions: 1. Match 100% up to 3% of compensation OR 2. Contribution of 2% of compensation to all eligible employees. The match can be reduced in 2 out of 5 years. No additional employer contributions are allowed.	Discretionary employer contributions up to 25% of eligible employee compensation.	20% of Schedule C Income or K-1 income and 25% of W-2 Income PLUS \$19,500 in employee deferrals (indexed). Additional \$6,500 in catch-up deferrals if age 50 at any time during the plan year. Income is limited to \$290K (indexed)	25% of eligible employee compensation. Individual eligible employee compensation is limited to \$290K (indexed). Individual total contributions may not exceed \$58,000 / \$64,500 if catch-up eligible (indexed).	Choice of one Safe Harbor Match formula or SH Non-Elective: 1(a). Basic Match 100% up to 3% of compensation plus 50% of next 2% of compensation. 1(b). Enhanced Match 100% up to 4% of compensation. (The enhanced match is easier to explain and setup on payroll). OR 2. Contribution of 3% of compensation to all eligible employees.	Discretionary contributions up to 25% of eligible employee compensation. Individual eligible employee compensation is limited to \$290K (indexed). Individual total contributions may not exceed \$58,000 (indexed).	Contributions are MANDATORY and based on age and compensation. Owner contributions are often set at a percentage of income which may be adjusted every 3 to 5 years. Compensation limited to \$290,000 (indexed). Individual contribution limits from \$50,000 to \$300,000+ per person depending on age and Compensation.

<b>Vesting Schedule and Conditions</b>	100% immediate vesting.	100% immediate vesting.	100% immediate vesting.	6-year Vesting schedule available. Employer contributions may be subject to requirements such as 1,000 hours of service and/or employment on the last day of the plan year.	100% immediate vesting on all Safe Harbor contributions. Additional discretionary employer contributions may be subject to a 6-year vesting schedule.	6-year Vesting schedule available. Contributions may be subject to requirements such as 1,000 hours of service and/or employment on the last day of the plan year.	3-year Vesting schedule available. Employer contributions are not subject to requirements in most cases in order to pass the discrimination tests.
<b>Discrimination Testing &amp; Government Reporting</b>	ADP - No Top Heavy - No Govt. Reporting - No	ADP/ACP - No Top Heavy - Yes Govt. Reporting - No	ADP/ACP - No Top Heavy - No Govt. Reporting if >\$250K	ADP/ACP - Yes Top Heavy - Yes Govt. Reporting - Yes	ADP/ACP - No Top Heavy - No Govt. Reporting - Yes	ADP/ACP - No Top Heavy - Yes Govt. Reporting - Yes	ADP/ACP - No Top Heavy - Yes Govt. Reporting - Yes
<b>Loans Available</b>	No	No	Yes	Yes	Yes	Yes	Yes
<b>When to Establish</b>	No later than October 1st.	Any time prior to tax filing.	Any time prior to tax filing.	Any time prior to tax filing.	No later than 3 months prior to plan year-end.	Prior to the due date of the corporate tax-return.	Prior to the due date of the corporate tax return.
<b>Creditor Protection (Full / Limited)</b>	Limited	Limited	Limited	Full, if there is at least one non-owner employee covered under the plan.	Full	Full, if there is at least one non-owner employee covered under the plan.	Full, if there is at least one non-owner employee covered under the plan.