

# 2021 RETIREMENT PLAN COMPARISONS

Plan Type	Defined Contribution Plans							Cash Balance
	SEP-IRA	SIMPLE-IRA	Traditional 401(k)	Safe Harbor 401(k)	SH with QACA*	Cross-tested	403(b)	
<b>Key Advantage</b>	No administration cost	Salary reduction plan with little administrative paperwork	Permits higher level of salary deferrals by employee than other retirement vehicles	ADP/ACP discrimination testing not required	ADP/ACP discrimination testing not required	Can target a specific group of participants for greater employer contributions	No discrimination testing on employee salary deferral contributions	Higher tax-deductible employer contributions and benefit limits than defined contribution plans
<b>Employee Eligibility Requirements</b>	Must be offered to all employees who are at least 21 years of age, employed by the employer for 3 of the last 5 years and earned at least \$600 for 2021  Certain union employees and nonresident aliens can be excluded	Must be offered to all employees who have earned at least \$5,000 in any prior 2 years, and are reasonably expected to earn at least \$5,000 in the current year  Certain union employees and nonresident aliens can be excluded	Generally, must be offered to all employees at least 21 years of age who worked at least 1,000 hours in a previous year  Certain union employees and nonresident aliens can be excluded	Generally, must be offered to all employees at least 21 years of age who worked at least 1,000 hours in a previous year  Certain union employees and nonresident aliens can be excluded	Generally, must be offered to all employees at least 21 years of age who worked at least 1,000 hours in a previous year  Certain union employees and nonresident aliens can be excluded	Generally, must be offered to all employees at least 21 years of age who worked at least 1,000 hours in a previous year  Certain union employees and nonresident aliens can be excluded	Generally, must be offered to all employees working 20 hours or more per week for employee contributions  An employer may require an employee to satisfy certain minimum age and service requirements to participate in the employer contribution portion of the 403(b) plan	Generally, must be offered to all employees at least 21 years of age who worked at least 1,000 hours in a previous year  Certain union employees and nonresident aliens can be excluded
<b>Eligible Employers</b>	Any employer with one or more employees (including self-employed)	Any employer with one or more employees (including self-employed)	Any employer with one or more employees (including self-employed)	Any employer with one or more employees (including self-employed)	Any employer with one or more employees (including self-employed)	Any employer with one or more employees (including self-employed)	Nonprofit organizations	Any employer with one or more employees (including self-employed)
<b>Multiple Plans</b>	May have other qualified plan but can't use Form 5305-SEP, 5305A-SEP	Not permitted to have another qualified plan	Permitted to have another qualified plan	Permitted to have another qualified plan	Permitted to have another qualified plan	Permitted to have another qualified plan	Permitted to have another 401(a) or 457 qualified plan	Permitted to have another qualified plan, typically paired with 401(k)
<b>Plan Document Requirements</b>	No plan document required  Set up plan by completing IRS Form 5305-SEP	No plan document required  Set up plan by completing IRS Form 5304-SIMPLE or IRS Form 5305-SIMPLE	Prototype or individual designed document is required to set the plan provisions  Requires annual nondiscrimination (ADP) testing to ensure plan doesn't discriminate in favor of highly compensated employees	Prototype or individual designed document is required to set the plan provisions	Prototype or individual designed document is required to set the plan provisions	Prototype or individual designed document is required to set the plan provisions  This is a complex design, and therefore requires a greater level of expertise	Prototype or individual designed document is required to set the plan provisions	Prototype or individual designed document is required to set the plan provisions  This is a complex design, and therefore requires a greater level of expertise
<b>Funding Responsibility</b>	Employer discretionary contributions	Employee salary reduction contributions and (required) employer contributions	Employee salary reduction contributions and may include discretionary employer contributions	Employee salary reduction contributions and (required) employer contributions	Employee salary reduction contributions and (required) employer contributions	Employer discretionary contributions	Employee salary reduction contributions and may include discretionary employer contributions	Employer contributions only, required annual contribution
<b>Annual Filing Requirements</b>	None	None	Annual filing of Form 5500 to the IRS is required and annual summary report to participants	Annual filing of Form 5500 to the IRS is required and annual summary report to participants	Annual filing of Form 5500 to the IRS is required and annual summary report to participants	Annual filing of Form 5500 to the IRS is required and annual summary report to participants	Annual filing of Form 5500 to the IRS is required and annual summary report to participants	Annual filing of Form 5500 including actuarial certification and PBGC reporting (if not exempt)

			Defined Contribution Plans						
Plan Type	SEP-IRA	SIMPLE-IRA	Traditional 401(k)	Safe Harbor 401(k)	SH with QACA*	Cross-tested	403(b)	Cash Balance	
Loans Permitted	No	No	Yes, with restrictions	Yes, with restrictions	Yes, with restrictions	Yes, with restrictions	Yes, with restrictions	Yes, with restrictions	
Plan year	Calendar year only	Calendar year only	Calendar or fiscal year	Calendar or fiscal year	Calendar or fiscal year	Calendar or fiscal year	Calendar or fiscal year	Calendar or fiscal year	
Vesting	Immediate 100%	Employer and employee contributions are vested 100% immediately	Employee salary deferrals are immediately 100% vested. Employer contributions may vest over time according to plan terms.	Employee salary deferrals and required employer contributions are immediately 100% vested. Additional employer contributions may vest over time according to plan terms.	Employee salary deferrals are immediately 100% vested. Additional employer contributions may vest over time according to plan terms. The QACA may require eligible employees to have up to 2 years of service to be 100% vested.	May vest over time according to plan terms	Employee salary deferrals are immediately 100% vested. Employer contributions may vest over time according to plan terms.	Vesting over time, up to a maximum of 3 years	
Employee Calendar Year Contribution	No employee contributions are allowed	Up to \$13,500 for 2021 Additional catch-up contributions may be made by participants age 50 and over (\$3,000 for 2021)	Up to \$19,500 for 2021 Additional catch-up contributions may be made by participants age 50 and over (\$6,500 for 2021)	Up to \$19,500 for 2021 Additional catch-up contributions may be made by participants age 50 and over (\$6,500 for 2021)	Minimum employee default elective deferrals: initial period - 3%, second year - 4%, third year - 5%, fourth year and following years - 6% with a maximum percentage of 10% of compensation up to \$19,500 for 2021 Additional catch-up contributions may be made by participants age 50 and over (\$6,500 for 2021)	Employee contributions generally not allowed unless 401(k) provisions included	Up to \$19,500 for 2021 Additional catch-up contributions may be made by participants age 50 and over (\$6,500 for 2021)	Employee contributions aren't allowed	
Employer Contribution	Up to 25% of compensation or a maximum of \$58,000 per participant for 2021	Employer must either match employee contributions 100% of first 3% of compensation (can be reduced to as low as 1% in any 2 out of 5 years) or contribute 2% of each eligible employee's compensation Additional employer contributions aren't allowed	Employer may contribute per participant up to the lesser of 100% of compensation or \$58,000 Contributions may be in the form of match and/or profit sharing Employer can deduct amounts that don't exceed 25% of aggregate compensation for all participants	Employer must contribute safe harbor amount of either: (1) 3% of compensation for all eligible participants or (2) match of 100% of deferrals on up to 3% of compensation plus 50% of deferrals from 3% to 5% of compensation Additional discretionary contributions are allowed, but total employer contribution per participant may not exceed lesser of 100% of compensation or \$58,000 Employer can deduct amounts that don't exceed 25% of aggregate compensation for all participants	Employer must contribute safe harbor amount of either: (1) 3% of compensation for all eligible participants or (2) match of 100% of deferrals on up to the first 1% of compensation plus 50% of deferrals on the next 5% of compensation. As a result the maximum required matching contribution is 3.5%	Employer may contribute per participant up to the lesser of 100% of compensation or \$58,000 Employer can deduct amounts that don't exceed 25% of aggregate compensation for all participants	Employer may contribute per participant up to the lesser of 100% of compensation or \$58,000 Contributions may be in the form of match and/or profit sharing Employer can deduct amounts that don't exceed 25% of aggregate compensation for all participants	Mandatory contribution necessary to fund benefit as determined by enrolled actuary based on plan document provisions Individual limits are based on age and compensation of participant	

Maximum compensation limit for determining contributions for all stated plans is \$290,000 for 2021. Distributions from plans are based on plan documents and may be subject to penalty for early withdrawals. This comparison has been prepared by Beene Garter LLP for informational purposes only and doesn't constitute legal, accounting or other professional advice. \*QACA = Qualified Automatic Contribution Agreement