

U&T Financial Inc 206 525 1212	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
Target or Typical Plan Sponsor	All businesses with fewer than 100 employees.	All businesses.	All businesses with <u>no common law employees</u> .	All businesses, except governmental agencies.	All businesses, except governmental agencies.	All businesses.	All highly profitable businesses with consistent profit patterns.
Advantages	Provides pre-tax retirement savings and easy administration. No tax filings required.	All businesses.	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	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 40+ to contribute much higher contributions per year. Cash Balance plans are paired with 401k plans to achieve individual contribution limits of \$135,000 to \$300,000+.
Funded By	Employee and employer.	Employer.	Employee and employer.	Employee and employer.	Employee and employer.	Employer.	Employer.
Eligibility Requirements	Employees earning \$5,000 in two prior years.	May impose age 21 with any service in three out of five years.	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% vesting.	May impose age 21 and 1 year of service with 1,000 hours.
Maximum Annual Individual Contribution	100% of compensation up to \$13,500 (indexed) Additional \$3,000 in catch-up deferrals if age 50+.	Not applicable.	100% of Income up to \$19,500 in employee deferrals (indexed). 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+.	100% of compensation up to \$19,500 in employee deferrals (indexed). Additional \$6,500 in catch-up deferrals if age 50+.	Not applicable.	Not applicable.
Maximum Annual Employer Contribution	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 anytime 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 wage. Owner contributions are often set at a percentage of income which may be adjusted every 3 to 5 years. Wages are limited to \$290,000 (indexed). Individual contribution limits from \$135,000 to \$300,000+ per person depending on age and wage.
Vesting Schedule and Conditions	100% immediate vesting.	100% immediate vesting.	100% immediate vesting.	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 vesting schedule.	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.	Vesting schedule available. Employer contributions are not subject to requirements in most cases in order to pass the discrimination tests.
Discrimination Testing & Government Reporting	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
Loans Available	No	No	Yes	Yes	Yes	Yes	Yes
When to Establish	No later than October 1st.	Anytime prior to tax filing.	Prior to fiscal year end.	Prior to fiscal year end.	Prior to fiscal year end depending on safe harbor.	Anytime prior to tax filing.	Anytime prior to tax filing.