

# Retirement Plans at a Glance

Below is a summary of plan provisions that should be considered when choosing a retirement plan for your company. In choosing which plan to go with, you should weigh the benefits of flexibility and increased contribution levels versus the ease and lower cost to administer.



	<b>401(k) Plan</b>	<b>Safe Harbor 401(k) Plan</b>	<b>SIMPLE-IRA</b>	<b>SEP-IRA</b>
<b>Target or typical plan sponsor</b>	All businesses, except government agencies	All businesses, except government agencies	All businesses with fewer than 100 employees, including self-employed	All businesses. Most appealing to employers with no eligible employees
<b>Best features</b>	Provides vehicle for pre-tax retirement saving and flexibility	Provides vehicle for pre-tax retirement saving and flexibility	Provides vehicle for pre-tax retirement saving and easy administration	Easy administration and flexibility
<b>Funded by</b>	Employee and employer	Employee and employer	Employee and employer	Employer
<b>Eligibility requirements</b>	Employees who have worked one year (1,000 hours a year) and are at least 21 years old. Can have earlier eligibility	Employees who have worked one year (1,000 hours a year) and are at least 21 years old. Can have earlier eligibility	Employees earning \$5,000 in 2 prior years and are expected to earn \$5,000 in the current year. Could have earlier eligibility	Usually employees age 21 or older with any service in at least 3 of the last 5 years. Could have earlier eligibility
<b>Maximum annual employee (EE) contribution</b>	100% of compensation up to \$23,500 (\$31,000 if over age 50; \$34,750 if age 60-63)	100% of compensation up to \$23,500 (\$31,000 if over age 50; \$34,750 if age 60-63)	100% of compensation up to \$16,500 (\$20,000 if over age 50). Additional 10% deferral may be available	Not applicable
<b>Employer (ER) contributions</b>	<p>Matching and/or profit sharing contributions</p> <p>Contribution amount can be discretionary each year</p> <p>Employer contributions are subject to non-discrimination testing. To potentially avoid non-discrimination testing, utilize safe harbor design (next column)</p>	<p>Choice of two minimum required contributions:</p> <p>1. Match 100% of first 4% of compensation (other formulas available)</p> <p>OR</p> <p>2. Contribution of 3% of compensation to all eligible employees</p> <p>Additional employer contributions may be allowed</p>	<p>Choice of two required contributions:</p> <p>1. Match 100% of first 3% of compensation</p> <p>OR</p> <p>2. Contribution of 2% of compensation to all eligible employees</p> <p>This match can be reduced 2 out of 5 years. No additional employer contributions allowed</p>	Contribution amount is discretionary each year
<b>Maximum annual plan additions - EE &amp; ER</b>	The lesser of \$70,000 or 100% of Section 415 Compensation	The lesser of \$70,000 or 100% of Section 415 Compensation	Not applicable	The lesser of \$70,000 or 100% of Section 415 Compensation
<b>Maximum tax deductible contribution</b>	25% of eligible compensation	25% of eligible compensation	Not applicable	25% of eligible compensation
<b>Vesting schedule</b>	Employer chooses vesting schedule based on needs. Maximum vesting can be up to a 3 year cliff or 6 year graded schedule	100% immediate vesting on required match or non-elective contribution. Additional employer contribution may be subject to a 3 year cliff or 6 year graded schedule	100% immediate vesting	100% immediate vesting
<b>Loans available?</b>	Yes	Yes	No	No
<b>Roth available?</b>	Yes	Yes	Yes	Yes
<b>Does SEK provide administration?</b>	Yes	Yes	No	No

Based on 2025 Limits