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.

SEK CPAs & ADVISORS

	401(k) Plan	Safe Harbor 401(k) Plan	SIMPLE-IRA	SEP-IRA
Target or typical plan sponsor	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
Best features	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
Funded by	Employee and employer	Employee and employer	Employee and employer	Employer
Eligibility requirements	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
Maximum annual employee (EE) contribution	100% of compensation up to $25,500 ($34,000 if over age 50; $37,250 if age 60-63)	100% of compensation up to $25,500 ($34,000 if over age 50; $37,250 if age 60-63)	100% of compensation up to $17,500 ($21,500 if over age 50). Additional 10% deferral may be available.	Not applicable
Employer (ER) contributions	Matching and/or profit sharing contributions Contribution amount can be discretionary each year Employer contributions are subject to non-discrimination testing. To potentially avoid non-discrimination testing, utilize safe harbor design (next column)	Choice of two minimum required contributions: 1. Match 100% of first 4% of compensation (other formulas available) OR 2. Contribution of 3% of compensation to all eligible employees Additional employer contributions may be allowed	Choice of two required contributions: 1. Match 100% of first 3% of compensation OR 2. Contribution of 2% of compensation to all eligible employees This match can be reduced 2 out of 5 years. No additional employer contributions allowed	Contribution amount is discretionary each year
Maximum annual plan additions - EE & ER	The lesser of $75,000 or 100% of Section 415 Compensation	The lesser of $75,000 or 100% of Section 415 Compensation	Not applicable	The lesser of $75,000 or 100% of Section 415 Compensation
Maximum tax deductible contribution	25% of eligible compensation	25% of eligible compensation	Not applicable	25% of eligible compensation
Vesting schedule	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
Loans available?	Yes	Yes	No	No
Roth available?	Yes	Yes	Yes	Yes
Does SEK provide administration?	Yes	Yes	No	No

Based on 2027 Limits

Contact SEK's Retirement Plan Services Department

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