

# Retirement Plan Comparison Chart

	Most Restrictive / Lowest Cost		Most Flexible / Higher Costs		
	IRA BASED <i>For new companies that need some type of plan in place</i>		DEFINED CONTRIBUTION <i>For established companies that can make higher consistent contributions</i>		DEFINED BENEFIT <i>For mature companies that have high cash flow and profitability; owners within 10-15 years of retirement</i>
	SEP	SIMPLE-IRA	Safe Harbor 401(k) Non Elective (SHNE)	Safe Harbor 401(k) Match	Cash Balance
<b>Key Advantage</b>	Least work involved	Salary reduction plan with little administrative paperwork.	ADP/ACP tests deemed to pass. Minimum contribution requirement.	ADP/ACP tests deemed to pass. Minimum contribution requirement.	Provides a fixed, pre-established benefit for employees
<b>What company may have this plan</b>	Any Employer. 401k plan not allowed when SEP is in place.	Any Employer with less than 101 employees. 401k plan not allowed when SIMPLE is in place.	Any employer with one or more employees	Any employer with one or more employees	Any employer with one or more employees
<b>Employer's Responsibilities</b>	Set up plan by completing IRS Form 5305-SEP. No 5500 form required.	Set up plan by completing IRS Form 5304-SIMPLE or IRS Form 5305-SIMPLE. No 5500 form required.	Legal plan document required. Recommend TPA for all testing to keep plan qualified. Annual 5500 form filing required.	Legal plan document required. Recommend TPA for all testing to keep plan qualified. Annual 5500 form filing required.	Legal plan document required. Annual 5500 form filing required and Actuarial Certification are required.
<b>Funding Responsibility</b>	Funded solely by Employer	Employee Deferrals. Required Employer contribution.	SHNE - Required Employer contribution of 3% of compensation to all eligible employees.  Employee Deferrals and Discretionary Employer contributions are allowed.	SH Match - Required Match of Employee Deferrals. 100% of first 3% of compensation and 50% of the next 2%. Maxed @ 4% of compensation.  Employee Deferrals and Discretionary Employer contributions are allowed.	Funded solely by Employer
<b>Maximum Annual *Contribution (Per participant)</b>	Only Employer Contribution Allowed. Lesser of 25% of compensation or current plan year compensation limit of \$360,000.	Employee : 2026 limit is \$17,000. Catch-up if age 50 is \$4,000.  Employer : Either a 100% match on Employee Deferrals up to 3% of compensation or contribute 2% of compensation to all eligible employees	Employee: 2026 limit is \$24,500. Catch-up if age 50 is \$8,000.  Employer/Employee Combined: Total allocation of lesser of \$72,000 or 100% of compensation. Catch-up amount not included is \$72,000. Employer can deduct up to 25% of total eligible compensation.	Employee: 2026 limit is \$24,500. Catch-up if age 50 is \$8,000.  Employer/Employee Combined: Total allocation of lesser of \$72,000 or 100% of compensation. Catch-up amount not included is \$72,000. Employer can deduct up to 25% of total eligible compensation.	Annual required contribution will be determined by an actuary.
<b>IRS Coverage Requirements</b>	Age 21 and worked 3 out of 5 years with at least \$750 annual compensation. Enters on first day of following Plan Year.	Any employee who earns \$5,000 in current year and any prior 2 years. Enters on the first day of following Plan Year.	Age 21 and 1 Year of Service (YOS). Enters on the semi-annual entry dates. 1000 hours in 12 months from DOH.	Age 21 and 1 Year of Service. Enters on the semi-annual entry dates. 1000 hours in 12 months from DOH.	Age 21 and 1 Year of Service. Enters on the semi-annual entry dates. 1000 hours in 12 month from DOH.
<b>Withdrawals &amp; Payments</b>	Permitted with restrictions	Permitted with restrictions	Permitted with restrictions	Permitted with restrictions	Payment begins after retirement.
<b>Loans permitted</b>	No	No	Yes, with restrictions	Yes, with restrictions	Yes, with restrictions
<b>Vesting</b>	Immediate 100%	Immediate 100%	Safe Harbor is 100% vested. Employer Discretionary contributions vest per plan's vesting schedule	Safe Harbor is 100% vested. Employer Discretionary contributions vest per plan's vesting schedule	Employer contributions vest per plan's vesting schedule
<b>Plan document</b>	IRS Form 5305-SEP — No Cost	IRS Form 5304-SIMPLE or IRS Form 5305-SIMPLE — No cost	Full plan document — \$1,000 at plan set-up and every 5-7 years for IRS required restatement.	Full plan document — \$1,000 at plan set-up and every 5-7 years for IRS required restatement.	Full plan document — \$2,000-\$3,000 at plan set-up and every 5-7 years for IRS required restatement.
<b>Estimated annual administrative costs</b>	None	None	Avg. \$3,500-\$4,500 Annually	Avg. \$4,000-\$5,500 Annually	Avg. \$6,500-\$8,500 Annually

\*IRS approved limits for 2026