

## 401(k) Comparison Chart

	Traditional 401K	Safe Harbor 401K	QACA Safe Harbor 401K
<b>Who can contribute</b>	<ul style="list-style-type: none"> <li>Employee</li> <li>Optional employer contributions</li> </ul>	<ul style="list-style-type: none"> <li>Employee</li> <li>Required employer contributions</li> </ul>	<ul style="list-style-type: none"> <li>Employee (Automatic Enrollment/Escalation)</li> <li>Required employer contributions</li> </ul>
<b>Employee eligibility</b>	<ul style="list-style-type: none"> <li>Age requirement cannot exceed 21</li> <li>Service requirement cannot exceed one year</li> </ul>	<ul style="list-style-type: none"> <li>Age requirement cannot exceed 21</li> <li>Service requirement cannot exceed one year</li> </ul>	<ul style="list-style-type: none"> <li>Age requirement cannot exceed 21</li> <li>Service requirement cannot exceed one year</li> </ul>
<b>Annual employee deferral limits</b>	The lesser of \$17,500 (indexed) or 100% of compensation; may be limited for owners and highly compensated employees	The lesser of \$17,500 (indexed) or 100% of compensation	The lesser of \$17,500 (indexed) or 100% of compensation
<b>Annual catch-up contributions (for participants age 50 and older)</b>	\$5,500 (indexed)	\$5,500 (indexed)	\$5,500 (indexed)
<b>Annual employer contribution</b>	<ul style="list-style-type: none"> <li>Discretionary</li> <li>Maximum tax-deductible employer contributions is 25% of eligible payroll</li> <li>Overall maximum contribution per eligible employee is 100% of compensation up to \$51,000</li> </ul>	<ul style="list-style-type: none"> <li>3% of compensation to all eligible employees OR</li> <li>Basic Match of 100% of the first 3% of employee deferral, plus 50% of deferrals between 3% and 5% of compensation to participants who contribute part of their income to the plan or an Enhanced Match of 100% up to 4%.</li> </ul>	<ul style="list-style-type: none"> <li>3% of compensation to all eligible employees OR</li> <li>QACA Match of 100% of the first 1% of employee deferral, plus 50% of deferrals between 2% and 6% of compensation to participants who contribute part of their income to the plan.</li> </ul>
<b>Additional Employer Contribution (Profit Sharing)</b>	Permitted at the Employer's discretion. The following allocation methods are permitted: <ul style="list-style-type: none"> <li>Pro-rata</li> <li>Integrated with Social Security</li> <li>Cross Tested Allocation using targeted allocations</li> </ul>	Permitted at the Employer's discretion. The following allocation methods are permitted: <ul style="list-style-type: none"> <li>Pro-rata</li> <li>Integrated with Social Security</li> <li>Cross Tested Allocation using targeted allocations</li> </ul>	Permitted at the Employer's discretion. The following allocation methods are permitted: <ul style="list-style-type: none"> <li>Pro-rata</li> <li>Integrated with Social Security</li> <li>Cross Tested Allocation using targeted allocations</li> </ul>
<b>Automatic Enrollment/Increases</b>	Optional	Optional	<ul style="list-style-type: none"> <li>Minimum 401(k) Percentages: The automatic 401(k) enrollment percentage must be between 3% and 10% of a participant's compensation.</li> <li>Automatic 401(k) Percentage Increases: If the initial automatic 401(k) enrollment percentage is less than 6% of a participant's compensation, the percentage must increase 1% point each subsequent plan year until 6% of compensation is attained. The maximum automatic 401(k) percentage cannot exceed 10% of compensation under a QACA.</li> </ul>
<b>Vesting</b>	<ul style="list-style-type: none"> <li>Vesting schedule may be applied to employer contribution</li> <li>Participant contributions are always 100% vested</li> </ul>	<ul style="list-style-type: none"> <li>The required matching, non-elective contributions are 100% vested immediately</li> <li>Additional employer contributions may be subject to vesting schedule</li> </ul>	<ul style="list-style-type: none"> <li>The required matching, non-elective contributions may vest under a 2 Year Cliff vesting schedule</li> <li>Additional employer contributions may be subject to vesting schedule</li> </ul>
<b>Loans</b>	Option of employer	Option of employer	Option of employer
<b>Withdrawals</b>	Generally allowable due to: <ul style="list-style-type: none"> <li>Retirement</li> <li>Disability</li> <li>Death</li> <li>Termination of employment</li> <li>Hardship</li> </ul> Penalty of 10% generally applied to distributions made prior to age 59 ½ in addition to income tax on distributed amount.	Generally allowable due to: <ul style="list-style-type: none"> <li>Retirement</li> <li>Disability</li> <li>Death</li> <li>Termination of employment</li> <li>Hardship</li> </ul> Penalty of 10% generally applied to distributions made prior to age 59 ½ in addition to income tax on distributed amount.	Generally allowable due to: <ul style="list-style-type: none"> <li>Retirement</li> <li>Disability</li> <li>Death</li> <li>Termination of employment</li> <li>Hardship</li> </ul> Penalty of 10% generally applied to distributions made prior to age 59 ½ in addition to income tax on distributed amount.
<b>Required governmental reporting</b>	Form 5500 and any applicable supporting schedules	Form 5500 and any applicable supporting schedules	Form 5500 and any applicable supporting schedules
<b>Required compliance testing</b>	<ul style="list-style-type: none"> <li>ADP/ACP Testing</li> <li>Top Heavy</li> <li>Annual Additions</li> <li>Coverage (410(b))</li> <li>401(a)(4) for Cross Tested Plans</li> </ul>	<ul style="list-style-type: none"> <li>Annual Additions</li> <li>Coverage (410(b))</li> <li>Top Heavy only if additional Employer Contributions are made other than Safe Harbor</li> <li>401(a)(4) for Cross Tested Plans</li> </ul>	<ul style="list-style-type: none"> <li>Annual Additions</li> <li>Coverage (410(b))</li> <li>Top Heavy only if additional Employer Contributions are made other than Safe Harbor</li> <li>401(a)(4) for Cross Tested Plans</li> </ul>
<b>Suitability</b>	May be appropriate for: <ul style="list-style-type: none"> <li>Businesses wanting to offer employees a salary reduction retirement plan that provides tax-deferred contributions</li> <li>Incorporated businesses, self-employed businesses, and not-for-profit organizations</li> </ul>	May be appropriate for: <ul style="list-style-type: none"> <li>Businesses wanting to offer employees a salary reduction retirement plan that provides tax-deferred contributions</li> <li>Incorporated businesses and not-for-profit organizations</li> <li>Most appropriate for employers who have participant deferrals limited by ADP/ACP testing</li> </ul>	May be appropriate for: <ul style="list-style-type: none"> <li>Businesses wanting to offer employees a salary reduction retirement plan that provides tax-deferred contributions</li> <li>Incorporated businesses and not-for-profit organizations</li> <li>Most appropriate for employers who have participant deferrals limited by ADP/ACP testing</li> </ul>