



2021 Retirement Plan Comparison Chart

	SIMPLE IRA*	401(k)	401(k) (Safe Harbor Formula)	SEP**	Profit Sharing	Money Purchase Pension
Eligible Employers	Any employer who has less than 100 employees, disregarding those earning less than \$5,000 in compensation	All employers except state and local governments	All employers except state and local governments	All types of businesses	All types of businesses	All types of businesses
Eligible Participants	Any employee who received at least \$5,000 in compensation in any two preceding years and is expected to receive at least \$5,000 in current year	Maximum requirement is one year of service (more than 1,000 hours) and age 21	Maximum requirement is one year of service (more than 1,000 hours) and age 21	Maximum requirement is three out of the five preceding years of service earning at least \$600 and age 21	Maximum requirement is two years of service (more than 1,000 hours per year) and age 21	Maximum requirement is two years of service (more than 1,000 hours per year) and age 21
Key Points to Plan	<ul style="list-style-type: none"> • Easy to set up and maintain • Usually less expensive than other plans • Allows for employee contributions • Discrimination testing not required • Limited methods for employee contributions • Maximum contribution limit less than some other retirement plans 	<ul style="list-style-type: none"> • More options for employer's contributions • Maximum contribution limit higher than some other retirement plans • Based on plan provisions, could provide flexibility to employer if cash flow is an issue • Based on plan provision, can allow for participant loans and hardship withdrawals. However, this can create more burden for the employer related to administering these options • Plan administrative costs tend to be higher than other plan options • Requires discrimination testing, which can become complicated 	<ul style="list-style-type: none"> • More options for employer's contributions • Maximum contribution limit higher than some other retirement plans • Depending on plan provisions, could provide flexibility in employer contributions based on employer's cash flow needs • Depending on plan provisions, can allow for participant loans and hardship withdrawals. However, this can create more burden for the employer related to administering these options • Plan administrative costs tend to be higher than other plan options • Exempt from top-heavy rules 	<ul style="list-style-type: none"> • Easy to set up and maintain • Usually less expensive than other plans • Given ability to easily change employer contribution percentages, provides flexibility in employer contributions based on employer's cash flow needs • Employer is required to contribute the same percentage to all eligible employees 	<ul style="list-style-type: none"> • Employer contributions are not required, allowing flexibility in employer decisions each year • Plan administrative costs tend to be higher than some other plan options • Requires discrimination testing, which can be complicated 	<ul style="list-style-type: none"> • Plan administrative costs tend to be higher than some other plan options • Requires discrimination testing, which can be complicated • If the minimum contribution requirement is not met, an excise tax is required to be paid by the employer

*Savings Incentive Match Plan for Employees **Simplified Employee Pension

Note: This chart represents highlights of retirement plans only

**2021 retirement plan limits remain the same as 2020 unless otherwise noted*



2021 Retirement Plan Comparison Chart - continued

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Maximum Contribution	Employers chose one of the following methods, either: (1) 2% nonelective contribution - 2% of each eligible employee's compensation (regardless of employee deferral) up to a maximum of \$13,500 (no change from 2020) or; (2) 3% matching contribution - matching of employee deferrals up to 3% of employee's compensation; the 3% can be reduced but not lower than 1% and cannot be lower than 3% for more than two calendar years out of the five-year calendar period Note: Total employer and employee contributions cannot exceed \$27,000 (no change from 2020)	Employer contribution limited to 100% of eligible compensation, up to a maximum of \$58,000 (\$57,000 for 2020); Corporate deduction limited to 25% of compensation Note: Total employer and employee contributions cannot exceed \$58,000 (\$57,000 for 2020)	Employer contribution limited to 100% of eligible compensation, up to a maximum of \$58,000 (\$57,000 for 2020); Corporate deduction limited to 25% of compensation Note: Total employer and employee contributions cannot exceed \$58,000 (\$57,000 for 2020)	Employer contribution and deduction limited to 25% of eligible compensation, up to a maximum of \$58,000 (\$57,000 for 2020)	Employer contribution limited to 100% of eligible compensation, up to a maximum of \$58,000 (\$57,000 for 2020); Corporate deduction limited to 25% of compensation	Employer contribution limited to 100% of eligible compensation, up to a maximum of \$58,000 (\$57,000 for 2020); Corporate deduction limited to 25% of compensation
Maximum Deferral	Cannot exceed \$13,500 (no change from 2020)	Generally the lesser of 100% of compensation or \$19,500 (no change from 2020)	Generally the lesser of 100% of compensation or \$19,500 (no change from 2020)	None	None	None
Catch-up Deferral (Age 50 & Over)	\$3,000	\$6,500	\$6,500	None	None	None

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Determination of Contributions	Mandatory matching contribution based on criteria discussed above	Contributions are determined by employer (subject to plan documents). Must pass nondiscrimination tests	Mandatory employer matching contribution of 100% of deferrals up to 3% of compensation and 50% of deferrals between 3% and 5% of compensation (or 100% up to 4% of compensation) or non-elective contribution of 3% for all eligible employees	Contributions are determined by employer (subject to plan documents)	Contributions are determined by employer (subject to plan documents)	Contributions are mandatory based on a fixed percentage of employee's eligible compensation
Vesting	All contributions 100% vested	Deferral 100% vested; Employer contributions may use graded or cliff vesting schedule	All contributions 100% vested	All contributions 100% vested	Contributions may be on a graded or cliff vesting schedule	Contributions may be on a graded or cliff vesting schedule
Plan Restrictions	Cannot maintain any other qualified plan	Can maintain other qualified plan(s)	Can maintain other qualified plan(s)	Cannot use IRS Model Form 5305-SEP if employer maintains another qualified plan	Can maintain other qualified plan(s)	Can maintain other qualified plan(s)
When Must Plan Be Established?	Within 60 days prior to plan effective date	By employer's fiscal year end (12/31 for calendar year plans)	Notice to employees at least 30 days prior to the beginning of the plan year)	By employer's tax filing due date plus extensions	By employer's fiscal year end (12/31 for calendar year plans)	By employer's fiscal year end (12/31 for calendar year plans)

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