

# Plan Design Quick Reference

	Highlights	Annual Limitations <small>(Compensation refers to the maximum considered compensation for testing and contribution calculations)</small> <a href="#">(Learn More)</a>	Deadline to Set Up New Plan <small>(For calendar year plans)</small>	Eligibility Requirements <a href="#">(Learn more)</a>	Vesting	Loans Permitted <a href="#">(Learn more)</a>	Roth Permitted
<b>401(k) Profit Sharing Plan</b>	<p>Maximum plan design flexibility</p> <p>Requires annual non-discrimination testing and Form 5500</p> <p>Contributions can be targeted to certain owners or <a href="#">key individuals</a>, subject to testing and compensation limits</p> <p><a href="#">Safe harbor</a> features available for “free pass” on many compliance tests:</p> <p>(1) Traditional safe harbor match (100% of the first 3% plus 50% of the next 2%)</p> <p>(2) Auto enrollment safe harbor match (100% of the first 1% plus 50% of the next 5%)</p> <p>(3) Traditional/auto enrollment safe harbor “profit sharing” of 3% of pay</p>	<p>Deferrals: \$19,500</p> <p>Catch-up deferrals (Age 50+): \$6,500</p> <p>Total per participant from all contribution types: \$57,000 (\$63,500 with catch-up)</p> <p>Maximum deductible company contribution: 25% of eligible compensation</p> <p>Compensation: \$285,000</p>	<p>Profit sharing only: Due date of the company tax return with extensions</p> <p>Safe harbor 401(k): October 1 of the current year (i.e. 90 days before year end)</p> <p>Add safe harbor to existing 401(k): Match - 30 days before the year begins Nonelective - last day of the following year</p> <p>Traditional 401(k): Last day of the current year</p> <p>Note that deferrals cannot be permitted retroactively</p>	<p>Service: From immediate up to 1 year (12 months + 1,000 hours worked)*</p> <p>Age: Max of 21</p> <p>Plan entry dates: Max of semi-annual**</p> <p>Plan can apply different eligibility requirements for each source (i.e. deferrals, match, etc.)</p> <p>*2-year service requirement may be permitted in certain situations but all contributions must be fully vested</p> <p>**Can limit to only annual entry dates if service requirement is shortened</p>	<p>Deferrals and safe harbor contributions: 100%</p> <p>Automatic enrollment safe harbor contributions: Max of 2-year cliff vesting</p> <p>Other company contributions: Max of 3-year cliff or 6-year graded</p>	Yes	Yes
<b>Solo(k)</b>	<p>This is a non-ERISA 401(k) Profit Sharing Plan that is subject to the Title I exemption as an owner-only plan</p> <p>Not subject to testing if covers only owner(s) and his/her/their spouse(s)</p> <p>Form 5500 required if assets are more than \$250,000 and/or the company also sponsors a defined benefit plan</p>	Same as 401(k) Profit Sharing	Same as 401(k) Profit Sharing	Same as 401(k) Profit Sharing	Same as 401(k) Profit Sharing	Yes	Yes



	Highlights	Annual Limitations	New Plan Setup Deadlines	Eligibility Requirements	Vesting	Loans Permitted	Roth Permitted
<b>SIMPLE 401(k)</b> (Savings Incentive Match Plan for Employees) <a href="#">(Learn More)</a>	Available to companies with fewer than 100 employees (2 year grace period)		October 1*	Service: Up to 1 year of service			
	Must be the only plan of the company	Deferrals: \$13,500 Catch-Up: \$3,000	*SIMPLE plans cannot be terminated mid-year	Age: Max of 21	100%	Yes	Yes
	Mandatory company contribution: Match of 100% of the first 3% deferred (with no compensation cap) - OR - Profit sharing of 2% of pay	Compensation: \$285,000	In order to terminate, all participants must be notified in writing 60 days prior to the end of the year	Compensation: Received at least \$5,000 in the previous year			
	No annual nondiscrimination testing						
<b>SIMPLE IRA</b> (Savings Incentive Match Plan for Employees) <a href="#">(Learn More)</a>	Available to companies with fewer than 100 employees (2 year grace period)		October 1*	Service: None			
	Must be the only plan of the company	Same as SIMPLE 401(k)	*SIMPLE plans cannot be terminated mid-year In order to terminate, all participants must be notified in writing 60 days prior to the end of the year	Age: None	100%	No	No
	Mandatory company contribution: Match of 100% of the first 3% deferred (with no compensation cap) - OR - Profit sharing of 2% of pay			Compensation: Received at least \$5,000 in any two previous calendar years (does not have to be consecutive) and is reasonably expected to receive \$5,000 in current year			
	Non annual nondiscrimination testing or Form 5500						
	Funded via IRAs for each participant						
<b>SEP IRA</b> (Simplified Employee Pension) <a href="#">(Learn More)</a>	Available to companies of any size	Deferrals: Not permitted		Service: Has worked at least 3 of the last 5 years			
	No employee deferrals permitted	Total per participant: \$57,000		Age: Max of 21	100%	No	No
	Company contributions must be the same percentage of pay to all participants	Maximum deductible company contribution: 25% of eligible compensation	Due date of company tax return (with extensions)	Compensation: Receives at least \$600			
	No impact on ability to contribute to an IRA	Compensation: \$285,000					
	No annual nondiscrimination testing or Form 5500						
	Funded via IRAs for each participant						



	Highlights	Annual Limitations	New Plan Setup Deadlines	Eligibility Requirements	Vesting	Loans Permitted	Roth Permitted
<b>403(b)</b> <a href="#">(Learn More)</a>	<p>Available only for 501(c)(3) organizations, public schools, churches and certain government entities</p> <p>Not subject to annual ADP test (on deferrals) or the top-heavy determination; ACP testing (company match) is required (if applicable)</p> <p>501(c)(3) organizations generally required to file Form 5500 and other nondiscrimination tests (e.g. ACP) each year</p> <p>Other entities generally exempt from all testing and Form 5500</p>	<p>Same as 401(k) Profit Sharing</p> <p>For certain types of entities, employees with at least 15 years of service may have the option to make additional catch-up deferrals</p>	Same as 401(k) Profit Sharing	<p>Deferrals: All employees must be immediately eligible to defer</p> <p>Company contributions: Same as 401(k) Profit Sharing</p>	Same as 401(k) Profit Sharing	Yes	Yes
<b>Cash Balance</b> <a href="#">(Learn More)</a>	<p>Typically offered in tandem with a 401(k) profit sharing plan but can stand alone</p> <p>With the right demographics, benefits can be targeted to owners or other key individuals without significantly increasing contributions beyond what is required in a 401(k) Profit Sharing plan</p> <p>Annual nondiscrimination testing and Form 5500 required</p>	<p>Annual benefit per participant: \$230,000</p> <p>Maximum deductible contribution: 150% of the amount needed to fully fund the benefit</p> <p>Compensation: \$285,000</p>	Due date of company tax return (with extensions)	<p>Service: From immediate up to 1 year (12 months + 1,000 hours worked)*</p> <p>Age: Max of 21</p> <p>Plan entry dates: Max of semi-annual**</p> <p>*2-year service requirement may be permitted in certain situations but all contributions must be fully vested</p> <p>**Can limit to only annual entry dates if service requirement is shortened</p>	Max of 3-year cliff	Yes	No



## 2020 Retirement Plan Contribution Limits

	Annual Compensation	Minimum Compensation: SEP	Elective Deferrals: 401(k)	Elective Deferrals: SIMPLE	Elective Deferrals: 457	Catch-Up Contributions: 401(k)	Catch-Up Contributions: SIMPLE	415 Limit: DB Plans	415 Limit: DC Plans	Social Security Wage Base
2020	\$285,000	\$600	\$19,500	\$13,500	\$19,500	\$6,500	\$3,000	\$230,000	\$57,000	\$137,700
2019	\$280,000	\$600	\$19,000	\$13,000	\$19,000	\$6,000	\$3,000	\$225,000	\$56,000	\$132,900
2018	\$270,000	\$600	\$18,500	\$13,500	\$18,500	\$6,000	\$3,000	\$220,000	\$55,000	\$128,400

## Rollover Retirement Plan Portability

From/To	401(k) Profit Sharing	Solo(k)	SIMPLE 401(k)	SIMPLE IRA	SEP IRA	403(b)	Cash Balance	IRA	Roth IRA
401(k) Profit Sharing	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	No**
Solo(k)	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	No**
SIMPLE 401(k)	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	No
SIMPLE IRA	Yes*	Yes*	Yes*	Yes*	Yes*	Yes*	No	Yes <sup>1</sup>	No
SEP IRA	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes <sup>1</sup>	No
403(b)	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	No**
Cash Balance	Yes	Yes	No	No	No	Yes	No	Yes	No
IRA	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	No
Roth IRA	No	No	No	No	No	No	No	No	Yes

\*Available only after individual has been a participant for 2 years

\*\*Designated Roth accounts from 401(k) profit sharing and 403(b) can be rolled into Roth IRA

<sup>1</sup> Only 1 rollover permitted per year

