## 2020 Retirement Plan Comparisons

<table>
<thead>
<tr>
<th>Plan Type</th>
<th>SEP-IRA</th>
<th>SIMPLE-IRA</th>
<th>Traditional 401(k)</th>
<th>Safe Harbor 401(k)</th>
<th>SH with QACA*</th>
<th>Cross-tested</th>
<th>403(b)</th>
<th>Cash Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Key Advantage</strong></td>
<td>No administration cost</td>
<td>Salary reduction plan with little administrative paperwork</td>
<td>Permits higher level of salary deferrals by employee than other retirement vehicles</td>
<td>ADP/ACP discrimination testing not required</td>
<td>ADP/ACP discrimination testing not required</td>
<td>Can target a specific group of participants for greater employer contributions</td>
<td>No discrimination testing on employee salary deferral contributions</td>
<td>Higher tax-deductible employer contributions and benefit limits than defined contribution plans</td>
</tr>
<tr>
<td><strong>Employee Eligibility Requirements</strong></td>
<td>Must be offered to all employees who are at least 21 years of age, employed by the employer for 3 of the last 5 years and earned at least $600 (for 2020)</td>
<td>Certain union employees and nonresident aliens can be excluded</td>
<td>Generally, must be offered to all employees who have earned at least $5,000 in any prior 2 years, and are reasonably expected to earn at least $5,000 in the current year</td>
<td>Generally, must be offered to all employees who have earned at least $5,000 in any prior 2 years, and are reasonably expected to earn at least $5,000 in the current year</td>
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</tr>
<tr>
<td><strong>Eligible Employers</strong></td>
<td>Any employer with one or more employees (including self-employed)</td>
<td>Any employer with one or more employees (including self-employed)</td>
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<td>Any employer with one or more employees (including self-employed)</td>
<td>Any employer with one or more employees (including self-employed)</td>
<td>Any employer with one or more employees (including self-employed)</td>
<td>Nonprofit organizations</td>
<td>Any employer with one or more employees (including self-employed)</td>
</tr>
<tr>
<td><strong>Multiple Plans</strong></td>
<td>May have other qualified plan but can’t use Form S5305-SEP, S5305A-SEP</td>
<td>Not permitted to have another qualified plan</td>
<td>Permitted to have another qualified plan</td>
<td>Permitted to have another qualified plan</td>
<td>Permitted to have another qualified plan</td>
<td>Permitted to have another qualified plan</td>
<td>Permitted to have another qualified plan</td>
<td>Permitted to have another qualified plan, typically paired with 401(k)</td>
</tr>
<tr>
<td><strong>Plan Document Requirements</strong></td>
<td>No plan document required</td>
<td>No plan document required</td>
<td>Prototype or individual designed document is required to set the plan provisions</td>
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</tr>
<tr>
<td><strong>Funding Responsibility</strong></td>
<td>Employer discretionary contributions</td>
<td>Employee salary reduction contributions and (required) employer contributions</td>
<td>Employee salary reduction contributions and (required) employer contributions</td>
<td>Employee salary reduction contributions and (required) employer contributions</td>
<td>Employer discretion employer contributions</td>
<td>Employer discretionary contributions</td>
<td>Employee salary reduction contributions and (required) employer contributions</td>
<td>Employer contributions only, required annual contribution</td>
</tr>
<tr>
<td><strong>Annual Filing Requirements</strong></td>
<td>None</td>
<td>None</td>
<td>Annual filing of Form 5500 to the IRS is required and annual summary report to participants</td>
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<td>Annual filing of Form 5500 including actuarial certification and PBGC reporting (if not exempt)</td>
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</tr>
</tbody>
</table>

For more information please contact: Beene Garter LLP | 616.235.5200 | 56 Grandville Ave SW, Suite 100, Grand Rapids, MI 49503

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**Defined Contribution Plans**

- **SEP-IRA**
  - No administration cost
  - Salary reduction plan with little administrative paperwork

- **SIMPLE-IRA**
  - Permits higher level of salary deferrals by employee than other retirement vehicles

- **Traditional 401(k)**
  - ADP/ACP discrimination testing not required

- **Safe Harbor 401(k)**
  - ADP/ACP discrimination testing not required

- **SH with QACA***
  - Can target a specific group of participants for greater employer contributions

- **Cross-tested**
  - No discrimination testing on employee salary deferral contributions

- **403(b)**
  - Higher tax-deductible employer contributions and benefit limits than defined contribution plans

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**Plan Document Requirements**

- **SEP-IRA**
  - No plan document required
  - Set up plan by completing IRS Form S5305-SEP

- **SIMPLE-IRA**
  - No plan document required
  - Set up plan by completing IRS Form S5305-SEP or IRS Form S5305-A-SEP

- **Traditional 401(k)**
  - Prototype or individual designed document is required to set the plan provisions

- **Safe Harbor 401(k)**
  - Prototype or individual designed document is required to set the plan provisions

- **SH with QACA***
  - Prototype or individual designed document is required to set the plan provisions

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**Funding Responsibility**

- **SEP-IRA**
  - Employer discretionary contributions

- **SIMPLE-IRA**
  - Employee salary reduction contributions and (required) employer contributions

- **Traditional 401(k)**
  - Employee salary reduction contributions and (required) employer contributions

- **Safe Harbor 401(k)**
  - Employee salary reduction contributions and (required) employer contributions

- **SH with QACA***
  - Employer discretion employer contributions

- **Cross-tested**
  - Employer discretionary contributions and may include discretionary employer contributions

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**Annual Filing Requirements**

- **SEP-IRA**
  - None

- **SIMPLE-IRA**
  - None

- **Traditional 401(k)**
  - Annual filing of Form 5500 to the IRS is required and annual summary report to participants

- **Safe Harbor 401(k)**
  - Annual filing of Form 5500 to the IRS is required and annual summary report to participants

- **SH with QACA***
  - Annual filing of Form 5500 to the IRS is required and annual summary report to participants

- **Cross-tested**
  - Annual filing of Form 5500 including actuarial certification and PBGC reporting (if not exempt)
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</thead>
<tbody>
<tr>
<td>Loans Permitted</td>
<td>No</td>
<td>No</td>
<td>Yes, with restrictions</td>
<td>Yes, with restrictions</td>
<td>Yes, with restrictions</td>
<td>Yes, with restrictions</td>
<td>Yes, with restrictions</td>
<td>Yes, with restrictions</td>
</tr>
<tr>
<td>Plan year</td>
<td>Calendar year only</td>
<td>Calendar year only</td>
<td>Calendar or fiscal year</td>
<td>Calendar or fiscal year</td>
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</tr>
<tr>
<td>Vesting</td>
<td>Immediate 100%</td>
<td>Employer and employee contributions are vested 100% immediately</td>
<td>Employee salary deferrals are immediately 100% vested. Employer contributions may vest over time according to plan terms.</td>
<td>Employee salary deferrals and required employer contributions are immediately 100% vested. Additional employer contributions may vest over time according to plan terms.</td>
<td>Employee salary deferrals are immediately 100% vested. Additional employer contributions may vest over time according to plan terms. The QACA may require eligible employees to have up to 2 years of service to be 100% vested.</td>
<td>May vest over time according to plan terms</td>
<td>Employee salary deferrals are immediately 100% vested. Employer contributions may vest over time according to plan terms.</td>
<td>Vesting over time, up to a maximum of 3 years</td>
</tr>
<tr>
<td>Employee Calendar Year Contribution</td>
<td>No employee contributions are allowed</td>
<td>Up to $13,500 for 2020 Additional catch-up contributions may be made by participants age 50 and over ($3,000 for 2020)</td>
<td>Up to $19,500 for 2020 Additional catch-up contributions may be made by participants age 50 and over ($6,500 for 2020)</td>
<td>Up to $19,500 for 2020 Additional catch-up contributions may be made by participants age 50 and over ($6,500 for 2020)</td>
<td>Minimum employee default elective deferrals: initial period - 3%, second year - 4%, third year - 5%, fourth year and following years - 6% with a maximum percentage of 10% of compensation up to $19,500 for 2020 Additional catch-up contributions may be made by participants age 50 and over ($6,500 for 2020)</td>
<td>Employee contributions generally not allowed unless 401(k) provisions included</td>
<td>Up to $19,500 for 2020 Additional catch-up contributions may be made by participants age 50 and over ($6,500 for 2020)</td>
<td>Employee contributions aren't allowed</td>
</tr>
<tr>
<td>Employer Contribution</td>
<td>Up to 25% of compensation or a maximum of $57,000 per participant for 2020 Employer must either match employee contributions 100% of first 3% or $57,000 Contributions may be in the form of match and/or profit sharing Employer can deduct amounts that don't exceed 25% of aggregate compensation for all participants Additional employer contributions aren't allowed</td>
<td>Employer must contribute safe harbor amount of either: (1) 3% of compensation for all eligible participants or (2) match of 100% of deferrals on up to 3% of compensation plus 50% of deferrals from 3% to 5% of compensation Additional discretionary contributions are allowed, but total employer contribution per participant may not exceed lesser of 100% of compensation or $57,000 Employer can deduct amounts that don't exceed 25% of aggregate compensation for all participants</td>
<td>Employer may contribute per participant up to the lesser of 100% of compensation or $57,000 Employer may contribute per participant up to the lesser of 100% of compensation or $57,000 Employer can deduct amounts that don't exceed 25% of aggregate compensation for all participants</td>
<td>Employer must contribute safe harbor amount of either: (1) 3% of compensation for all eligible participants or (2) match of 100% of deferrals on up to 3% of compensation plus 50% of deferrals from 3% to 5% of compensation Additional discretionary contributions are allowed, but total employer contribution per participant may not exceed lesser of 100% of compensation or $57,000 Employer can deduct amounts that don't exceed 25% of aggregate compensation for all participants</td>
<td>Employer may contribute per participant up to the lesser of 100% of compensation or $57,000 Contributions may be in the form of match and/or profit sharing Employer can deduct amounts that don't exceed 25% of aggregate compensation for all participants</td>
<td>Employer may contribute per participant up to the lesser of 100% of compensation or $57,000 Contributions may be in the form of match and/or profit sharing</td>
<td>Mandatory contribution necessary to fund benefit as determined by enrolled actuary based on plan document provisions</td>
<td>Individual limits are based on age and compensation of participant</td>
</tr>
</tbody>
</table>

Maximum compensation limit for determining contributions for all stated plans is $285,000 for 2020. Distributions from plans are based on plan documents and may be subject to penalty for early withdrawals. This comparison has been prepared by Beene Garter LLP for informational purposes only and doesn’t constitute legal, accounting or other professional advice. *QACA = Qualified Automatic Contribution Agreement