



401(K) & Retirement Plan Options Comparison Chart

Plan Type or Plan Feature	What You Need to Know	Contribution Limits (2019)
<p>Traditional 401(k) Plan A defined contribution plan that provides for employee elective deferral contributions.</p>	<ul style="list-style-type: none"> • Pre-tax or Roth elective deferral contributions permitted. • Discretionary matching and/or profit sharing contributions permitted. • Automatic enrollment and automatic escalation provisions permitted. 	<ul style="list-style-type: none"> • Salary deferral limit: Lesser of 100% of compensation or \$19,500 plus catch-ups for employees age 50+, if permitted in the plan. • Total employee contribution limit: \$57,000 plus catch-ups of \$6,500 for employees age permitted in the plan. • Employer tax deduction: 25% of total eligible payroll (payroll limited by annual compensation limit).
<p>SAFE HARBOR 401(K) PLAN A defined contribution plan that automatically passes annual non-discrimination testing if certain contribution, vesting and participant notification requirements are met.</p>	<ul style="list-style-type: none"> • Pre-tax or Roth elective deferral contributions permitted. • Allows highly compensated employees to defer up to the maximum amount allowable, no matter how much non-highly compensated employees defer. • An annual notice is required & employer-funded, 100% vested matching or non-elective contribution is required. • Discretionary matching and/or profit sharing contributions permitted. • Automatic enrollment and automatic escalation provisions permitted. 	<ul style="list-style-type: none"> • Salary deferral limit: Lesser of 100% of compensation or \$19,500 plus catch-ups for employees age 50+, if permitted in the plan. • Total employee contribution limit: \$57,000 plus catch-ups for employees age 50+, if permitted in the plan. • Employer tax deduction: 25% of total eligible payroll (payroll limited by annual compensation limit).
<p>SIMPLE 401(K) PLAN A defined contribution plan that automatically passes annual non-discrimination testing if certain contribution, vesting and participant notification requirements are met.</p>	<ul style="list-style-type: none"> • Pre-tax or Roth elective deferral contributions permitted. • Allows highly compensated employees to defer up to the maximum amount allowable, no matter how much non-highly compensated employees defer. • An annual notice is required & employer-funded, 100% vested matching or non-elective contribution is required. 	<ul style="list-style-type: none"> • Salary deferral limit: Lesser of 100% of compensation or \$13,500 plus catch-ups for employees age 50+ if permitted in the plan. • Total employee contribution limit: \$56,000 plus catch-up of \$3,000 for employees who have reached age 50+ if permitted in the plan.



RETIREMENT PLANNING CONSULTING GROUP, LLC

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<p>SIMPLE 401(K) PLAN Continued:</p>	<ul style="list-style-type: none"> • The required matching or non-elective contribution is less than that for a Safe Harbor 401(k) Plan or a Qualified Automatic Contribution Arrangement. • Discretionary matching and/or profit sharing contributions are not permitted. • Automatic enrollment and automatic escalation provisions permitted. • Must have 100 or fewer employees. • Cannot have any other qualified retirement plans. 	<ul style="list-style-type: none"> • Employer tax deduction: 25% of total eligible payroll (payroll limited by annual compensation limit).
<p>SOLO 401(K) PLAN A defined contribution plan sponsored by sole proprietorships, partnerships with multiple owners or other entities and their spouses with no non-owner employees.</p>	<ul style="list-style-type: none"> • Pre-tax or Roth elective deferrals are permitted. • Can be paired with a cash balance plan to provide increased benefits. • Discretionary employer matching and/or profit sharing contributions are permitted. 	<ul style="list-style-type: none"> • Salary deferral limit: Lesser of 100% of compensation or \$19,500 plus catch-ups for employees age 50+, if permitted in the plan. • Total employee contribution limit: \$57,000 plus catch-ups for employees age 50+, if permitted in the plan. • Employer tax deduction: 25% of total eligible payroll (payroll limited by annual compensation limit).



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<p>403(B) PLAN A defined contribution plan for tax-exempt organizations, including public schools, governmental employers and other employers who are tax-exempt under Code Section 501(c)(3), churches and church-related organizations.</p>	<ul style="list-style-type: none"> • Pre-tax or Roth elective deferral contributions permitted. • Discretionary matching and/or non-elective contributions permitted. • Automatic enrollment and automatic escalation provisions permitted. • Safe Harbor provisions, special catch-up contributions and age 50 catch-up contributions permitted. • Universal Availability applies for elective deferrals for most employers. 	<ul style="list-style-type: none"> • Salary deferral limit: Lesser of 100% of compensation or \$19,500 plus catch-ups, if permitted in the plan. • Total employee contribution limit: \$57,000 plus catch-ups, if permitted in the plan. • Employer tax deduction: 25% of total eligible payroll (payroll limited by annual compensation limit).
<p>457(B) PLAN A non-qualified, tax advantaged deferred-compensation retirement plan that is available for governmental and non-governmental employers who are tax exempt under Code Section 501.</p>	<ul style="list-style-type: none"> • For non-governmental employers, plan participation is limited to highly compensated and management employees only. • Roth elective deferrals not permitted in non-governmental employer plans. • Discretionary matching and/or non-elective contributions and special Normal Retirement Age catch-up contributions permitted. • Age 50 catch-up contributions permitted in governmental employer plans. 	<ul style="list-style-type: none"> • Salary deferral limit: Lesser of 100% of compensation or \$19,500 plus catch-ups, if permitted in the plan.
<p>CASH BALANCE PLAN An employer-funded plan that provides for a certain account balance at retirement.</p>	<ul style="list-style-type: none"> • Plan contributions are required based on the formula in the plan document. • The formula provides a pay credit based on earnings each year and an interest credit. • Plan provides for understandable account balances, similar to a 401(k) Plan. • Unlike a defined benefit plan, the present value of the benefit does not increase when interest rates decrease. 	<ul style="list-style-type: none"> • Annual employee benefit limit: \$230,000.



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<p>DEFINED BENEFIT PLANS An employer-funded plan that provides for a certain monthly benefit at retirement.</p>	<ul style="list-style-type: none"> Plan contributions are required based on the formula in the plan document. The formula for determining the benefit can be based on earnings history, length of service and age. For years in which investment returns are in excess of expected, contributions for employees are minimal or not required. 	<ul style="list-style-type: none"> Annual employee benefit limit: \$225,000.
<p>MONEY PURCHASE PLAN An employer funded defined contribution plan that requires the employer to contribute a fixed percentage of each employee's salary every year.</p>	<ul style="list-style-type: none"> Annual contributions are required based on the contribution formula set forth in the plan document. Money purchase plans were popular before contribution limits for profit sharing plans were increased. They provided an additional way to save more for retirement. Those limits can now be reached with a stand-alone profit sharing plan or 401(k) plan with a profit sharing contribution provision. 	<ul style="list-style-type: none"> Employee limit: \$57,000. Employer tax deduction: 25% of total eligible payroll (payroll limited by annual compensation limit).
<p>PROFIT SHARING PLAN An employer funded defined contribution plan that allows employers to make contributions to employees based on the company's profitability.</p>	<ul style="list-style-type: none"> Contributions are flexible and discretionary. A profit sharing contribution provision can also be part of a 401(k) plan. 	<ul style="list-style-type: none"> Employee limit: \$57,000. Employer tax deduction: 25% of total eligible payroll (payroll limited by annual compensation limit).
<p>AUTOMATIC ENROLLMENT PROVISION Provides for automatic enrollment of employees in a traditional 401(k) or Safe Harbor 401(k) defined contribution plan.</p>	<ul style="list-style-type: none"> Employees who do not make a deferral election upon becoming eligible for the plan are automatically enrolled into the plan at a deferral rate specified in the plan document. Automatic escalation is permitted & annual notice is usually required. 	<ul style="list-style-type: none"> Salary deferral limit: Lesser of 100% of compensation or \$19,500 plus catch-ups for employees age 50+ if permitted in the plan.



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<p>CROSS-TESTED (NEW COMPARABILITY) PROFIT SHARING ALLOCATION FORMULA A formula that favors older, long-term employees, who based on age, are closer to retirement.</p>	<ul style="list-style-type: none"> Contributions to owners and other highly compensated employees can be much higher than under a traditional profit sharing allocation formula if on average they are older than other employees and have longer terms of service. 	<ul style="list-style-type: none"> Dependent on the type of plan to which the contribution is being made.
<p>QUALIFIED AUTOMATIC CONTRIBUTION ARRANGEMENT A defined contribution plan 401(k) plan that automatically passes annual non-discrimination testing if certain contribution, vesting, automatic deferral and participant notification requirements are met.</p>	<ul style="list-style-type: none"> Allows highly compensated employees to defer up to the maximum amount allowable, no matter how much non-highly compensated employees defer. An annual notice is required however employer-funded matching or non-elective contribution is required. The required matching contribution is less than that for a Safe Harbor 401(k) Plan. A vesting schedule (up to a 2-year cliff schedule) can be applied to the employer-funded matching or non-elective contribution. Automatic enrollment provision of at least 3% escalating to 6% is required. 	<ul style="list-style-type: none"> Salary deferral limit: Lesser of 100% of compensation or \$19,500 plus catch-ups for employees age 50+, if permitted in the plan. Total employee contribution limit: \$57,000 plus catch-ups for employees age 50+, if permitted in the plan. Employer tax deduction: 25% of total eligible payroll (payroll limited by annual compensation limit).
<p>ROTH ELECTIVE DEFERRALS Employee funded after-tax deferrals made to a traditional 401(k) or Safe Harbor 401(k) defined contribution plan.</p>	<ul style="list-style-type: none"> Deferral contributions are made on an after-tax basis. Qualified withdrawals of Roth deferrals and earnings are tax-free. Employees that expect their tax rate to be higher in retirement than it is today are best candidates for Roth elective deferrals. 	<ul style="list-style-type: none"> Salary deferral limit: Lesser of 100% of compensation or \$19,500 plus catch-ups for employees age 50+, if permitted in the plan.