

Comparing Retirement Plan Alternatives



	Simple IRA	SEP IRA	401(k) Profit Sharing Plan	Safe Harbor 401(k) with New Comparability Profit Sharing
Company Size	Up to 100 employees	Up to 100 employees	1 or more employees	1 or more employees
Qualified Plan	No	No	Yes	Yes
Assets held in Trust	No	No	Yes	Yes
Pair with strategic tax-savings plans	No	No	Yes (ie. Cash Balance)	Yes (ie. Cash Balance)
Employee Eligibility	Any employee who earned at least \$5,000 from employer in each of the 2 prior years, or who is expected to earn at least \$5,000 in current year.	Any employee who has worked for employer for any of 3 of past 5 years and earned at least \$750 from employer in current year	Set by plan document. 21 years of age and 1 year of service is the maximum.	Set by plan document. 21 years of age and 1 year of service is the maximum.
Employee Contribution Limits	2026: \$17,000 + \$4,000 Catch-up for age 50 or over	Not permitted	2026: \$24,500 \$8,000 Catch-up for age 50 or over \$11,250 Catch-up for ages 60-63	2026: \$24,500 \$8,000 Catch-up for age 50 or over \$11,250 Catch-up for ages 60-63
Employer Contributions	Mandatory. Either \$ for \$ match on first 3% of deferrals, or 2% contribution to all eligible employees No additional employer contributions are permitted	Discretionary as determined at year end. A uniform percentage of pay for all eligible employees, up to \$72,000 or 25% of the employee's compensation, whichever is less. Employee compensation for this purpose is limited to \$360,000.	Fully discretionary. Can be made, subject to overall \$72,000 / 100% of pay limit. Additional profit sharing contributions can be integrated, cross tested, etc.	Mandatory. Either \$ for \$ match on first 3% of deferrals plus 50% match on next 2% or 3% contribution to all eligible employees. Additional employer contributions can be made. New comparability profit sharing can allow EE group to be divided into tiers, giving certain HCEs a greater allocation of PS dollars based on defined criteria (age, service, function, etc)
Vesting	Immediate	Immediate	<ul style="list-style-type: none"> 3 year cliff Graded vesting schedule Other schedules based on plan design 	Safe Harbor Contributions: Immediate Additional employer contributions: <ul style="list-style-type: none"> 3 year cliff Graded vesting schedule Other schedules based on plan design
Compliance Testing	Individual contribution limits only	<ul style="list-style-type: none"> Top Heavy Test 415 Limits 	<ul style="list-style-type: none"> Top Heavy Test ADP / ACP tests 410(b) coverage test, if applicable 415 Limits 	<ul style="list-style-type: none"> Top Heavy Test (3% QNEC can eliminate if structured properly) 410(b) coverage test, if applicable 415 limits
Requires Plan Audit	No	No	Yes, if over 100 employees have an account balance as of the beginning of the plan year	Yes, if over 100 employees have an account balance as of the beginning of the plan year
Benefits	<ul style="list-style-type: none"> Minimal administration, set up and maintenance costs Minimal testing 	<ul style="list-style-type: none"> Minimal administration, set up and maintenance costs Minimal testing 	<ul style="list-style-type: none"> Discretionary employer contributions Higher contribution limits Employer can customize some plan components to make it more attractive for employee base 	<ul style="list-style-type: none"> Higher contribution limits Employer can customize some plan components to make it more attractive for employee base (eligibility, vesting, loans)
Drawbacks	<ul style="list-style-type: none"> Employer contribution required Lower employee contribution limits Withdrawals and rollovers, particularly in the first two years, can be complicated for participants 	<ul style="list-style-type: none"> No employee contributions Broad eligibility requirements, resulting in employer contributions to most employees 	<ul style="list-style-type: none"> Compliance testing Typically higher setup and maintenance costs More administrative requirements 	<ul style="list-style-type: none"> Mandatory employer contributions Compliance testing Typically higher setup and maintenance costs More administrative requirements

Questions? Let's talk: 866.401.5272 TrustSales@bpas.com bpas.com u.bpas.com

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