

Comparison of Common Retirement Plans

IRS Guidelines/Limits

Feature	401(k)	Safe Harbor 401(k)	Simple IRA	SEP IRA	CALSAVERS
Basic Plan Type	Defined contribution	Defined contribution	IRA based	IRA based	IRA based
Who Can Contribute	Employee; employer contributions are optional	Employee and employer	Employee and employer	Employer	Employee; employer contributions are not allowed
Employee Contributions	<ul style="list-style-type: none"> • \$20,500 salary deferral allowed. • Additional \$6,500 catch-up contribution (50 years or older). • Contributions may be pretax or post-tax (Roth). 	<ul style="list-style-type: none"> • \$20,500 salary deferral allowed. • Additional \$6,500 catch-up contribution (50 years or older). • Contributions may be pretax or post-tax (Roth). 	<ul style="list-style-type: none"> • \$14,000 salary deferral allowed. • Additional \$3,000 catch-up contribution (50 years or older). • Post-tax (Roth) contributions are not available. 	None — contributions are generally by employer only	<ul style="list-style-type: none"> • \$6,000 per year (and \$7,000 per year when you are age 50+) <i>*must earn at least \$6,000 in wages</i> • All Roth (post tax) contributions only subject to income limitations
Roth Contributions	Yes, within deferral limit	Yes, within deferral limit	No	No	Yes, within deferral limit
Employer Contributions	Employer contributions are optional	<ul style="list-style-type: none"> • Four methods of profit sharing allowed. • Mandatory 4% employer match (100% up to 3%, 50% on the next 2%). <p style="text-align: center;">OR</p> <ul style="list-style-type: none"> • 3% non-elective employer contribution (Note: 4% for late amendment). • Match formula may be enhanced. (Note: Match can be applied to any deferral up to 6%) 	<ul style="list-style-type: none"> • Mandatory 3% employer match — three out of five years (1% minimum required for other two years). <p style="text-align: center;">OR</p> <ul style="list-style-type: none"> • 2% non-elective employer contribution. • Additional employer contribution is not allowed. 	Employer can decide whether to make contributions year-to-year. If contribution made, requires 100% participation of eligible employees.	No. Employers are not allowed to make contributions on behalf of, or as a match to, employee contributions in this program.
Profit Sharing	Yes	Yes	No	No	No
Maximum Annual Contribution Per Participant <i>*Maximum compensation limit is \$290,000 in 2021</i>	Employer/Employee Combined: Up to the lesser of 100% of compensation or \$61,000 (\$67,500 if 50 years or older)	Employer/Employee Combined: Up to the lesser of 100% of compensation or \$61,000 (\$67,500 if 50 years or older)	Employee: \$14,000 (if 50 years or older, an additional \$3,000 allowed) Employer: Must make matching contributions up to 3% of employee compensation or contribute 2% of total eligible employee compensation*.	Up to 25% of compensation*, but no more than \$61,000	For 2022 the limit is \$6,000 if you're under 50 and \$7,000 if you're age 50 or older. Note that this limit applies to ALL your IRA accounts in aggregate.
Employee eligibility <i>Note: For all plan types, the plan sponsor may exclude union employees</i>	Employers can select any of the following participant eligibility requirements: <ul style="list-style-type: none"> • Complete up to one year of service. • Complete up to 1,000 hours of work. • Be at least 21 years of age. 	Employers can select any of the following participant eligibility requirements: <ul style="list-style-type: none"> • Complete up to one year of service. • Complete up to 1,000 hours of work. • Be at least 21 years of age. 	Participants must: <ul style="list-style-type: none"> • Have earned at least \$5,000 in any of the two preceding years, <p style="text-align: center;">AND</p> <ul style="list-style-type: none"> • Be reasonably expected to earn \$5,000 this year. • No age limit permitted. 	Generally, must be at least 21; have earned compensation in three of the past five years; received compensation of at least \$650	<ul style="list-style-type: none"> • You are employed in the state of California. • You are 18 or older. • You have a Social Security Number or an Individual Taxpayer Identification Number.
Minimum vesting	Immediate on employee contributions; Employer contributions can be subject to vesting schedule	Immediate on employee and most safe harbor contributions; Employer contributions can be subject to vesting schedule	Immediate	Immediate	Immediate

This information is current as of 11/24/2021.

