



Comparing Small Business Retirement Plan Options in 2017	Safe Harbor 401(k)	Traditional 401(k)	SIMPLE IRA
Maximum Employee Contribution	100% of compensation up to \$18,000 annually plus \$6,000 if age 50+	100% of compensation up to \$18,000 annually plus \$6,000 if age 50+	100% of compensation up to \$12,500 annually plus \$3,000 if age 50+
Minimum Employer Contribution	3% for Non-Highly Compensated Employees or 100% match on first 3% plus 50% match on next 2%	None Required	2% for eligible employees or 100% match on the first 3%
(HCE) Highly Compensated Employee Definition	\$120,000	\$120,000	\$120,000
Vesting	100% immediate	Gradual, 3 year cliff or 6 year graded	100% Immediate
Employee Eligibility	Maximum 21 years of age and 1 year of service	Maximum 21 years of age and 1 year of service	Minimum earning of \$5,000 in any two years prior and currently earning min. of \$5,000 annually
Employer Eligibility	Non-Government Plans	Non-Government Plans	Max. 100 Employees with min. salary of \$5,000, and must be the only plan
Discrimination Testing	None if SH notice is given to employees annually and the only contributions to the plan are the SH contributions.	Yes, annually. ADP/ACP, Top-Heavy testing	No
Loans	Permitted if allowed by plan	Permitted if allowed by plan	Not Permitted
Tax Penalty on early Withdrawal	10%	10%	25% first two years then 10% thereafter
Rollovers	To Qualified IRA upon termination of employment, retirement, or age 59 ½	To Qualified IRA upon termination of employment, retirement, or age 59 ½	SIMPLE to SIMPLE anytime or SIMPLE to IRA after 2 years
Additional Employer Contributions	Permitted	Permitted	Not Permitted
Ease of Administration	Moderate	Moderate-Difficult	Easy
Cost of Administration	Medium	Higher	Low
Combination Plans	Permitted	Permitted	Not Permitted
Best Suited for:	A business with consistent cash-flow and Owners/ HCE's who want to maximize contributions	Businesses that want flexibility in plan design and where employer contributions aren't required	Young or small businesses with < 100 employees that want an inexpensive way to offer a retirement plan