

# Retirement Plan

COMPARISON CHART



# Retirement Plan Comparison Chart

| Plan Type                                   | 401(k)  | Safe Harbor 401(k)  | Simple 401(k)   | Simple IRA  |
|---|---|---|---|---|
| <b>Target Market</b>                        | 1 + Employees   | 1 + Employees   | No more than 100 employees who earned more than \$5,000 in prior year     | No more than 100 employees who earned more than \$5,000 in prior year     |
| <b>Key Features</b>                         | Tax-deferred investing; flexibility in plan design; investment flexibility  | Tax-deferred investing; no discrimination testing; investment flexibility   | Tax-deferred investing; no discrimination testing; investment flexibility | Tax-deferred investing; no discrimination testing; investment flexibility |
| <b>Contributors</b>                         | Employee and optional Employer  | Employee and employer   | Employee and employer   | Employee and employer   |
| <b>Contribution Flexibility</b>             | Yes   | No; possible additional employer contributions above safe harbor  | No  | Very limited  |
| <b>Maximum Eligibility Requirements</b>     | Age 21 and 1 year of service  | Age 21 and 1 year of service  | Age 21 and 1 year of service  | Employees earning \$5,000 in current year and any 2 prior years           |
| <b>Maximum Annual Salary Deferral</b>       | \$22,500 (2023) with \$7,500 catch up contributions   | \$22,500 (2023) with \$7,500 catch up contributions   | \$15,500 (2023) with \$3,500 catch up contributions                       | \$15,500 (2023) with \$3,500 catch up contributions                       |
| <b>Maximum Annual Employer Contribution</b> | 25% of eligible employee compensation<br>Total annual additions including salary deferrals may not exceed \$66,000, \$73,500 if age 50 and up | 3-4% safe harbor; optional additional contribution either matching or non-elective (total 25% of eligible compensation) | 100% up to 3% match to participants or 2% to all eligible employees       | 100% up to 3% match to participants or 2% to all eligible employees       |
| <b>Vesting in Employer Contribution</b>     | May be graded up to 6 years or 100% after 3 years <sup>1</sup>  | 100% immediately on Safe-Harbor contributions   | 100% immediately  | 100% immediately  |
| <b>Loans</b>                                | Yes   | Yes   | Yes   | No  |
| <b>When Established</b>                     | Anytime prior to December 31st  | Anytime with 30-day notification for new plans prior to October 1st   | Prior to October 1st  | Prior to October 1st  |
| <b>IRS 5500 Reporting</b>                   | Yes   | Yes   | Yes   | No  |

| Profit Sharing  | SEP IRA  | Money Purchase  | Defined Benefit  | 412(e)(3)<br>(formerly 412(i))   |
|---|--|---|--|--|
| Business with fluctuating earnings and self-employed  | Small businesses and self-employed   | Business with high stable earnings and self-employed  | Business with stable earnings and owners close to retirement and self-employed           | Business with stable earnings and owners close to retirement and self-employed           |
| Flexible contributions; investment flexibility  | Investment flexibility   | Consistent contributions; investment flexibility  | Consistent contributions   | Maximum consistent contributions   |
| Employer only   | Employer only  | Employer only   | Employer only  | Employer only  |
| Yes   | Yes  | No; percentage established at plan set up   | Limited; based on formula  | No; based on formula   |
| Age 21 with 1 year of service (2 years with 100% vesting)                                     | Age 21 with any service in last 3 of 5 years   | Age 21 with 1 year of service (2 years with 100% vesting)                                     | Age 21 with 1 year of service (2 years with 100% vesting)                                | Age 21 with 1 year of service (2 years with 100% vesting)                                |
| Not applicable  | Not applicable   | Not applicable  | Not applicable   | Not applicable   |
| Up to 25% of eligible employee compensation; limited to \$66,000 per eligible employee (2023) | 25% of eligible employee compensation limited to \$66,000 per eligible employee (2023) | Up to 25% of eligible employee compensation; limited to \$66,000 per eligible employee (2023) | Amount needed to fund plan   | Amount needed to fund plan   |
| May be graded up to 6 years or 100% after 3 years   | 100% immediately   | May be graded up to 6 years or 100% after 3 years   | May be graded up to 6 years. Assumes Top Heavy can otherwise be 5 cliff or 7-year graded | May be graded up to 6 years. Assumes Top Heavy can otherwise be 5 cliff or 7-year graded |
| Yes   | No   | Yes   | Yes  | No   |
| Anytime prior to tax filing deadline including extensions                                     | Anytime prior to tax filing deadline including extensions                              | Anytime prior to tax filing deadline including extensions                                     | Anytime prior to tax filing deadline including extensions                                | Anytime prior to tax filing deadline including extensions                                |
| Yes   | No   | Yes   | Yes  | Yes  |



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1) Employee Contributions are always 100% Invested.

Neither American National Insurance Company nor its agents give tax advice. Clients should contact their attorney or tax advisor on their specific situation. American National Insurance Company, Galveston, Texas.



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