

SIMPLE

STANDARD 401(k)

Design:	Through an IRA	Only in a Qualified Plan.
Qualification:	Establish prior to October 1st. 100 or fewer employees. No (other) Qualified plan(s).	Establish prior to last day of plan year. Any number of employees. Allows for other qualified plans.
Eligibility:	Must cover all employees who: 1. Earn over \$5,000 during any 2 preceding years, and 2. Expect to earn at least \$5,000 in current year.	Must cover all employees who: 1. Have reached age 21. 2. Performed 1 year of service or can be 2 years if 100% vested on entry. 3. "Year of Service" means 1,000 hours.
	May exclude Union employees and Non-resident Aliens.	May exclude Union employees and Non-resident Aliens.
Participation:	Must benefit 100% of eligible employees (must include employees who have terminated during year), unless through a 401(k).	May exclude 30% of eligible employees (may exclude employees who have terminated during the year).
Vesting:	100% vested immediately in all contributions.	Choice of: 3-year 100% vesting or 2-6 year graded vesting.
Contribution:	Employee contributions limited to 100% of compensation up to \$12,500 (2018 index). Age 50 or older \$3,000 catch-up.	Employee contributions limited to 100% of compensation up to \$18,500 (2018 index). Age 50 \$6,000 catch-up.
	Roth contributions not allowed.	Roth contributions allowed.
	Employer must either: 1. Match \$1 for \$1 up to 3% of compensation. 2. Contribute 2% for each eligible employee (compensation limited to \$270,000).	All Employer contributions are discretionary. 1. Variable matching formulas. 2. Discretionary contributions based on compensation or age (compensation limited to \$275,000).
	No additional employer contributions allowed.	Defined Contribution limited to \$55,000 (\$61,000 if age 50) individually or 25% of aggregate compensation.
Other Plans:	Not allowed.	Additional retirement plans allowed.

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Testing:

ADP test not required.

ADP test required. Highly compensated employees can only contribute based on participation from non-highly compensated (unless Safe Harbor plan).

Top-heavy test not required.

Top-heavy: Key employees own 60% or more of trust. If Top-heavy, employer contribution is lesser of 3% or highest deferral (unless Safe Harbor plan).

**Loans/hardship
Withdrawals:**

Not allowed.

May be allowed within specific limits.

**Regular
Withdrawals:**

Allowed only through an IRA:
Within 2 years: Taxable + 25% penalty.
After 2 years: Taxable + 10% penalty.

Allowed at 59½ or later.

Investment:

Only employee controlled with institution (automatically under 404(c)).

Employee and/or employer directed with any investment the IRS allows (may follow 404(c)).