

**2021****SIMPLE****STANDARD 401(k)**

<b>Design:</b>	Through an IRA	Only in a Qualified Plan.
<b>Qualification:</b>	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.
<b>Eligibility:</b>	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.
<b>Participation:</b>	May exclude Union employees and Non-resident Aliens.  Must benefit 100% of eligible employees (must include employees who have terminated during year).	May exclude Union employees and Non-resident Aliens.  May exclude 30% of eligible employees (may exclude employees who have terminated during the year).
<b>Vesting:</b>	100% vested immediately in all contributions.	Choice of: 3-year 100% vesting, 6 year graded vesting or others.
<b>Contribution:</b>	Employee contributions limited to 100% of compensation up to \$13,500 (2021 index). Age 50 or older \$3,000 catch-up.  Roth contributions not allowed.  Employer must either: 1. Match \$1 for \$1 up to 3% of compensation. 2. Contribute 2% for each eligible employee (compensation limited to \$290,000).  No additional employer contributions allowed.	Employee contributions limited to 100% of compensation up to \$19,500 (2021 index). Age 50 \$6,500 catch-up.  Roth contributions allowed.  All Employer contributions are discretionary. 1. Variable matching formulas. 2. Discretionary contributions based on compensation and maybe job class (compensation limited to \$290,000).  Defined Contribution limited to \$58,000 (\$64,500 if age 50) individually or 25% of aggregate compensation.
<b>Other Plans:</b>	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 be 404(c)).