

Retirement Plan Comparision of Features and Benefits

Features/Benefits	Profit Sharing	Traditional 401(k)	Safe Harbor 401(k)	Cash Balance	Defined Benefit	Target Benefit	Money Purchase
Target Market	All businesses, including self employed.	All businesses, except governmental agencies.	All businesses, except governmental agencies.	All highly profitable businesses with consistant profit patterns.	Businesses with stable earnings and owners close to retirement and self-employed.	Businesses with high stable earnings and self-employed.	Businesses with high stable earnings and self-employed.
Key Features	Flexible Contributions; investment flexibility	Tax-Deferred investing; flexibility in plan design; investment flexibility	Tax-Deferred investing; no discrimination testing; investment flexibility	Maximum Contributions; tax advantages; requires Plan Actuary	Maximum Contributions; tax advantages; requires Plan Actuary	Consistent contributions; tax advantages; investment flexibility	Consistent contributions; tax advantages; investment flexibility
Advantages	Often added to a 401k giving the sponsor the discretion to contribute up to 25% of eligible plan compensation. Contribution amounts can vary greatly among owners and eligible employees.	Provides an effective tax tool and employee benefit with employer control; Roth contributions allowed.	Great for small, family owned businesses who wish to avoid ADP/ACP and Top-Heavy discrimination test. Roth contributions allowed.	Allows owners who are 40+ to contribute much higher contributions per year. Cash Balance plans are often paired with 401k to achieve individual contribution limits \$138,000 to \$369,000 per person.	Employers who want a tax-advantaged way to transfer the highest level of profit out of the company. Employers who want to offer more than one type of retirement plan.	Significantly less popular since Profit Sharing plan deduction limits were increased to 25% and new comparability/cross-tested allocation methods became available.	Significantly less popular since Profit Sharing plan deduction limits were increased to 25% & new comparability/cross-tested allocation methods became available.
Contributors	Employer only	Employee and optional Employer	Employee and Employer	Employer only	Employer only	Employer only	Employer only
Contribution Flexibility	Yes	Yes	No, however, additional employer contributions above safe harbor are possible.	Limited	Limited	No; formula established at plan set up.	No; formula established at plan set up.
Maximum Eligibility Requirements	Age 21 with two years of service.	Age 21 with one year of service.	Age 21 with one year of service.	Age 21 with two years of service.	Age 21 with two years of service.	Age 21 with two years of service.	Age 21 with two years of service.
Maximum Annual Salary Deferral	Not Applicable	2016 limits - \$18,000 + \$6,000 in catch up (over age 50) contributions	2016 limits - \$18,000 + \$6,000 in catch up (over age 50) contributions	Not Applicable	Not Applicable	Not Applicable	Not Applicable

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Maximum Contributions allowed for Employee	Lesser of 100% employee's compensation or \$53,000 (2016).	Lesser of 100% employee's compensation or \$53,000 + catch-up (2016).	Lesser of 100% employee's compensation or \$53,000 + catch-up (2016).	Amount Required to fund employees benefit for the year.	Amount Required to fund employees benefit for the year.	Amount Required to fund employees benefit for the year.	Amount Required to fund employees benefit for the year.
Employer's Deductible limit	25% of compensation (up to \$265,000) for all eligible employees.	25% of compensation (up to \$265,000) for all eligible employees.	3-4% safe harbor; option contribution either matching or non-elective up to 25% of compensation (up to \$265,000) for all eligible employees.	Generally up to the amount needed to satisfy minimum funding requirements (mandatory).	Generally up to the amount needed to satisfy minimum funding requirements (mandatory).	Generally up to the amount needed to satisfy minimum funding requirements (mandatory).	25% of compensation (up to \$265,000) for all eligible employees.
Limit on Compensation	Compensation Cap of \$265,000 (2016 Limit)	Compensation Cap of \$265,000 (2016 Limit)	Compensation Cap of \$265,000 (2016 Limit)	Compensation Cap of \$265,000 (2016 Limit)	Compensation Cap of \$265,000 (2016 Limit)	Compensation Cap of \$265,000 (2016 Limit)	Compensation Cap of \$265,000 (2016 Limit)
Vesting in Employer Contributions	If eligibility is one year, vesting can be either cliff or graded, otherwise 100% immediate vesting after 2 years of eligibility.	Vesting can be either cliff or graded.	Vesting can be either cliff or graded, safe harbor contribution is 100% vested immediately.	If eligibility is one year, vesting can be either cliff or graded, otherwise 100% immediate vesting after 2 years of eligibility.	If eligibility is one year, vesting can be either cliff or graded, otherwise 100% immediate vesting after 2 years of eligibility.	If eligibility is one year, vesting can be either cliff or graded, otherwise 100% immediate vesting after 2 years of eligibility.	If eligibility is one year, vesting can be either cliff or graded, otherwise 100% immediate vesting after 2 years of eligibility.
Loans	Plan document may permit.	Plan document may permit.	Plan document may permit.	Plan document may permit.	Plan document may permit.	Plan document may permit.	Plan document may permit.
Deadline to Establish Plan	Prior to the last day of Employer's taxable year end.	Anytime prior to the last day of Employer's taxable year end - elective deferral have to be currently and effectively available to everyone.	Anytime prior to October 1 for new plans.	Last day of the employer's taxable year with repect to which a contribution is made.	Last day of the employer's taxable year with repect to which a contribution is made.	Last day of the employer's taxable year with repect to which a contribution is made.	Last day of the employer's taxable year with repect to which a contribution is made.

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When can withdrawals be taken	Cannot take withdrawals until a specified event (reaching age 59-1/2, death, disability, separation, etc.) as identiifed in the plan document; may permit hardship withdrawals. Withdrawals maybe subject to current federal income taxes and possibly 10% for early withdrawal if participant is under age 59-1/2.	Cannot take withdrawals until a specified event (reaching age 59-1/2, death, disability, separation, etc.) as identiifed in the plan document; may permit hardship withdrawals. Withdrawals maybe subject to current federal income taxes and possibly 10% for early withdrawal if participant is under age 59-1/2.	Cannot take withdrawals until a specified event (reaching age 59-1/2, death, disability, separation, etc.) as identiifed in the plan document; may permit hardship withdrawals. Withdrawals maybe subject to current federal income taxes and possibly 10% for early withdrawal if participant is under age 59-1/2.	Cannot take withdrawals until a specified event (reaching age 62, death, disability, separation, etc.) as identiifed in the plan document. Withdrawals maybe subject to current federal income taxes.	Cannot take withdrawals until a specified event (reaching age 62, death, disability, separation, etc.) as identiifed in the plan document. Withdrawals maybe subject to current federal income taxes.	Cannot take withdrawals until a specified event (reaching age 62, death, disability, separation, etc.) as identiifed in the plan document. Withdrawals maybe subject to current federal income taxes.	Cannot take withdrawals until a specified event (reaching age 62, death, disability, separation, etc.) as identiifed in the plan document. Withdrawals maybe subject to current federal income taxes.