

# Employer 401(k) Contribution Comparison

Contribution Type		Description	Employee Benefits		Employer Benefits	
			Incentivizes <u>all</u> employees to save more	Enables high earners (HCEs) to save more	Greater discretion for who receives higher contributions	Cost Savings & Tax Benefits
Employer Match	Dollar-for-Dollar (%)	An employer will match employee contributions dollar-for-dollar up to a certain percentage of the employee's total compensation. E.g. a 100% match on the first 2% of the employee's salary.	✓			
	Stretch Match (%)	An employer matches 50% of employee contributions up to a certain percentage of the employee's total compensation. For example, 50% match up to 8% of an employee's compensation, for a total match 4% of the employee's salary.	✓✓			
	Flat Dollar (\$)	An employer matches a set dollar amount to each employee. For example, an employer matches the first \$5,000 of an employee's plan contribution.	✓			
Safe Harbor	Non-elective	Eligible employees get an annual employer contribution of 3% of their salary.		✓		
	Enhanced	The employer matches 100% of the first 4% of each employee's contribution.	✓	✓	Employers often implement these features in conjunction to maximize employee and employer benefits.	
	Basic	The employer matches 100% of the first 3% of each employee's contribution and 50% of the next 2%. Employees are required to contribute to their 401(k) in order to get the match.	✓✓	✓✓		
Profit Sharing	New Comparability	Contributions vary across employee groups (e.g. age, income level, tenure, or location).		✓✓		✓✓
	Pro-rata	All employees must receive the same proportional amount, including the owner.				✓
	Integrated	Contributions are based on employees Social Security tax levels.			✓	✓
	Age Weighted	Allows a business to allocate a higher percentage to older employees because they are closer to retirement.			✓	✓