

Plan Features Benefits Comparison

			Employee Benefits			Employer Benefits			
Feature		Description	Incentivizes all employees to save more	Enables high earners (HCEs) to save more	Employee tax benefits	Manage Costs	Attract & Retain Talent	Business owner tax benefits	
Employer Matching	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.	✓	✓			✓	
		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.				✓	✓	✓
Vesting	Immediate	Employee automatically gets 100% employer contribution.	✓	✓			✓		
	Cliff	Employee goes from 0% to 100% vested after 3 years of employment	✓	✓		✓	✓		
	Graded	Employee earns gradual ownership of employer contribution (over a maximum 6 years)	✓	✓		✓	✓		
Eligibility	Service Requirement <i>When a new employee can save</i>	Shorter service requirement	✓	✓			✓		
		Longer service requirement (cheaper for high turnover businesses)				✓			
	Entry Date <i>When a plan allows employees to enroll after meeting its service requirements</i>	Shorter entry date	✓	✓			✓		
		Longer entry date requirement (cheaper for high turnover businesses)				✓			
Roth	Roth 401(k)	Adding a Roth option can help participants pay fewer taxes in retirement.			✓		✓	✓	
	In-Plan Conversion	In-plan conversions enable employees to convert pre-tax 401(k) contributions to after-tax Roth contributions.	✓	✓	✓		✓	✓	
Auto Enrollment	Auto-Enrollment	Automatic enrollment enables employers to automatically "enroll" employees in the company's 401(k) plan—unless the employee opts out.	✓	✓					
	Auto-Escalation	Automatic escalation allows employees to automatically increase their contribution percentage over time. For example, automatically increase contribution rate by 1% every January until a maximum of 10%	✓	✓					
Loans	Allowing Loans	The primary reason you'd want to offer a 401(k) loan feature is to drive plan participation. By allowing loans, employees know they'll have the flexibility to access their funds without affecting their credit.	✓	✓			✓		