



## 401(k) - Simple IRA Comparison for 2024

	401(k)	Simple IRA
Annual Limit per Employee <small>(not including catch-up; annual compensation limit is \$345,000)</small>	\$69,000 <small>(Salary Deferral + Match + Profit Sharing + Forfeitures)</small>	\$26,350 <small>(Salary Deferral) (Match: 3% or 1%, or 2% non-elective not incl.)</small>
Maximum Salary Deferral	\$23,000	\$16,000
Catch-Up Contribution Amount <small>(for Age 50+)</small>	\$7,500	\$3,500
Roth (Post-tax) Contributions	Allowed	Allowed
Company Contribution	Optional*	Mandatory**
Automatic Enrollment *	Allowed	Not Allowed
Profit Sharing	Allowed	Not Allowed
Cross Tested Profit Sharing <small>(Allows for certain owners/employees to receive larger share)</small>	Allowed	Not Allowed
Vesting Schedules <small>(Vesting is used to reward long term employees for their loyalty. When a vesting schedule is in place, and an employee leaves the company, they are entitled to rollover the portion of company contributions allowed based on their tenure and the vesting schedule)</small>	Graded: Up to 6 years Cliff: Up to 3 years	Not Applicable No Vesting Allowed
Loans	Allowed	Not Allowed
Rollovers from Other Plans	Allowed	Allowed <small>(with some restrictions)</small>
Eligibility Requirements <small>(Maximum Restrictions)</small>	1 year of service, 1,000 hours/year, 21 years of age	21 years of age; received at least \$5,000 in any 2 prior years & expected to earn \$5,000 in current year
Minimum / Maximum # of Employees	1 / No Limit	1 / 100
Penalty for Early Withdrawal	10%, plus amount withdrawn is taxable as ordinary income	25% first 2 years, 10% thereafter; plus, amount withdrawn is taxable as ordinary income

\*Matching contributions optional with "Traditional" 401(k). Standard "Safe Harbor" 401(k) requires 100% vesting of either a) 4% match or b) 3% non-elective contribution.

"Safe Harbor" using Automatic Enrollment is a 3.5% match and allows for a 2 year vesting schedule. Safe Harbor is not required for use with Automatic Enrollment.

\*\*Simple IRA company contribution must be either a) 3% match (which may be reduced to 1% 2 out of every 5 years) or b) 2% contribution to all eligible employees.

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