

Any Questions?

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SEP, SIMPLE, and 401(k) Comparison Fact Sheet

	SEP IRA	SIMPLE IRA	Traditional 401(k)	Safe Harbor 401(k)
Eligible employers	Businesses of any size and structure	<ul style="list-style-type: none"> Businesses with no more than 100 employees receiving at least \$5,000 in compensation during the previous year Businesses with no other retirement plan in the year the plan is established 	Businesses of any size and structure (excluding government entities)	Businesses of any size and structure (excluding government entities)
When to establish plan	Employer's tax-filing deadline, including extensions	<ul style="list-style-type: none"> No later than Oct. 1 each calendar year, with accounts set up in time to receive the first contributions New businesses established after Oct. 1: As soon as administratively feasible 	Employer's tax-filing deadline, including extensions. However, employee salary deferrals generally may not be made for the prior year.	No later than Oct. 1 each calendar year, with accounts set up in time to receive the first contributions
Eligibility requirements	Exclusion options: <ul style="list-style-type: none"> Employees under age 21 Employees earning less than \$650 Employees not employed three out of the five preceding years 	Maximum eligibility requirements: <ul style="list-style-type: none"> Employees earning at least \$5,000 in each of the two preceding calendar years Reasonably expected to earn \$5,000 for the current calendar year 	Exclusion options: <ul style="list-style-type: none"> Employees under age 21 Employees with less than one year of service for salary-deferral contributions 	Exclusion options: <ul style="list-style-type: none"> Employees under age 21 Employees with less than one year of service for salary-deferral contributions
Compensation limit*	<ul style="list-style-type: none"> \$290,000 for 2021 	Applies to nonelective contribution formula only: <ul style="list-style-type: none"> \$290,000 for 2021 	For employer contributions: <ul style="list-style-type: none"> \$290,000 for 2021 	For employer contributions: <ul style="list-style-type: none"> \$290,000 for 2021
Plan year	<ul style="list-style-type: none"> Calendar year Fiscal-year election available with prototype plan document 	Calendar year only	<ul style="list-style-type: none"> Calendar year Any fiscal-year period 	<ul style="list-style-type: none"> Calendar year Any fiscal-year period
Allowable contribution types	Employer only	<ul style="list-style-type: none"> Employee salary deferrals Employer matching Employer nonelective 	<ul style="list-style-type: none"> Employee salary deferrals Employer matching Employer nonelective Employer profit-sharing 	<ul style="list-style-type: none"> Employee salary deferrals Employer safe harbor matching Employer safe harbor non-elective Employer matching Employer nonelective Employer profit-sharing

* Subject to cost-of-living adjustments.

Investment and Insurance Products: • NOT FDIC Insured • NO Bank Guarantee • MAY Lose Value

	SEP IRA	SIMPLE IRA	Traditional 401(k)	Safe Harbor 401(k)
Employer contributions for 2021*	Annual discretion (0% to 25% of the total eligible participants' compensation, not to exceed \$58,000 for any one participant)	<ul style="list-style-type: none"> • Employer matching (the lesser of 100% of the employee deferral, up to 3% of compensation†) • Employer nonelective (2% of eligible compensation to each eligible employee) 	Discretionary matching, nonelective and profit-sharing (total contributions, including salary deferrals, cannot exceed \$58,000 for any one participant not including catch-up)	Discretionary matching, nonelective and profit-sharing (total contributions, including salary deferrals, cannot exceed \$58,000 for any one participant not including catch-up)
Salary deferral limit for 2021*	None (Exception: Employee salary deferrals do apply to existing SAR-SEPs, but the total aggregated contributions are not to exceed 25% of eligible compensation, or \$58,000 for any one participant)	• \$13,500	• \$19,500	• \$19,500
Catch-up contribution for 2021* (for participants age 50 or older)	None (Exception: Catch-up contributions do apply to existing SAR-SEPs)	• \$3,000	• \$6,500	• \$6,500
Contribution deadline	Employer's tax-filing deadline, including extensions	<ul style="list-style-type: none"> • Employee salary deferrals (As soon as administratively feasible, but no later than the 30th day after the end of month withheld from payroll) • Employer contributions (By employer's tax-filing deadline, including extensions) 	<ul style="list-style-type: none"> • Employee salary deferrals (As soon as administratively feasible, but no later than the 15th** day after the end of month withheld from payroll) • Employer contributions (By employer's tax-filing deadline, including extensions) 	<ul style="list-style-type: none"> • Employee salary deferrals (As soon as administratively feasible, but no later than the 15th** day after the end of month withheld from payroll) • Employer contributions (By employer's tax-filing deadline, including extensions)
Nondiscrimination testing	Top-heavy (ADP testing applies to SAR-SEPs)	Not applicable	<ul style="list-style-type: none"> • Coverage and participation • Actual deferral percentage (ADP) • Actual contribution percentage (ACP) • 415 annual- contribution limit • Top-heavy 	<ul style="list-style-type: none"> • Coverage and participation • 415 annual- contribution limit • Top-heavy (Exception: Safe Harbor contribution satisfies Top Heavy requirement if no additional employer contribution is funded.)

* Subject to cost-of-living adjustments.

† The SIMPLE match percentage can be reduced to as little as 1% for any two of five consecutive years.

‡ Same as traditional 401(k) limits.

***If your plan has fewer than 100 participants, your deposit is considered timely if it is made within seven business days after you withhold the salary deferrals even if you were able to deposit them earlier. If you don't deposit the salary deferrals within seven days after you receive or withhold them, then your individual facts and circumstances will determine whether your deposit was considered timely.*

This information sheet is intended to provide a general overview of the topics covered. Since each investor's situation is unique, you need to review your specific investment objectives, risk tolerance, and liquidity needs with your financial professional(s) before a suitable investment strategy can be selected. The accuracy and completeness of this information is not guaranteed and is subject to change. It is based on current tax information and legislation as of November 2020. It is not intended to provide tax, accounting, or legal advice of any type since Wells Fargo Advisors is not engaged in rendering tax, accounting, or legal advice. Investors should consult with their own tax and legal advisors before taking any action that may have tax or legal consequences.