



Bayou Bridge Capital Advisors – SIMPLE IRA vs. 401(k)

Feature	SIMPLE IRA	401(k)
Key Advantages & Costs	<p>Low cost, quick & easy set-up, simple administration, immediate vesting</p> <p>Cost: One Time Fee of \$3,500</p>	<p>Any size business other than governmental agencies, high contribution limits, no required employer contribution, plan design flexibility, Roth contributions allowed</p> <p>Cost: Annual Fees of \$5,000 - \$25,000</p>
Employer Eligibility	Any employer with 100 or fewer employees that does not currently maintain another retirement plan	Any business with one or more employees
Employee Eligibility	Employees who have compensation of at least \$5,000 in any prior 2 years and are expected to earn at least \$5,000 in the current year	Employees at least 21 years old who have worked at least 1,000 hours in a previous year
Employer Contribution Limits	<p>Employer can choose from either matching employee contributions of up to 3% of any salary or a 2% contribution on up to \$330,000 in income.</p> <p>Total employer contribution may not exceed \$16,000 per year in 2024. Employers can match up to \$19,500 if employee is age 50 or older.</p>	Employer can contribute up to \$46,000. Contributions can be made as a matching or a profit-sharing contribution. Contributions may continue beyond age 72
Employee Contribution Limits	Employees can defer up to \$16,000 per year (2024), or 100% of compensation, whichever is less. Employees who are age 50 or older can defer an additional \$3,500	Employees can defer up to \$23,000 per year (2024). Employee and employer contributions cannot exceed \$69,000 per employee (2024) unless employee is age 50 or older, then they may defer up to an additional \$7,500
Establishment Deadline	October 1st of current year	Last day of employer's taxable year
Vesting	100% vested immediately	Vesting schedules available
Annual Filing Requirements	No	Yes
Compliance Testing	No	Yes
Distributions	Eligible for withdrawals at age of 59 -1/2. 10% early distribution penalty may apply; penalty is increased to 25% during first 2 years. Must begin distributions at age 72, even if still employed.	10% early distribution penalty may apply. Must begin distributions at age 72 unless still employed.