

Non-Profit Retirement Plan Comparison Chart

		401(k)	403(b)
General	What it is	An employer-sponsored defined contribution plan for business entities	An employer-sponsored defined contribution plan for non-profit entities
	Who can Sponsor	Any business entity *Non-profit entities have the option of sponsoring a 401(k) or a 403(b)	Non-profit organizations, hospitals, schools, churches, 501(c)3 tax-exempt entities
Compliance	ERISA-Covered	Yes	Sometimes
	Form 5500 Required	Yes	Only if ERISA-covered
	Nondiscrimination Testing	Must pass annual nondiscrimination testing	Exempt from certain compliance testing
Contributions	Annual Contribution Limit	\$24,500 (+\$8,000 catch-up contribution for age 50+)	\$24,500 (+\$8,000 catch-up contribution for age 50+)
	Tax Treatment	Contributions are made pre-tax and grow tax-deferred	Contributions are made pre-tax and grow tax-deferred
Investments	Investments Allowed	Mutual funds, stocks, bonds, annuities, collective-funds	Only annuities or mutual funds
	Collective Funds-Eligible	Yes	No (unless a 403(b)9 church plan)
Plan Design	Employee Eligibility	Can be limited to: • Age 21 or over • 1,000 hours of service per year • 12 months of service	Employee Contributions: No eligibility limits
	Eligible for Maximum Allowable Contribution (MAC Rule)	No	Yes. Employees who have 15+ years of service with a qualified organization may qualify to contribute an additional \$3,000 annually to the plan.