

# RETIREMENT PLAN COMPARISONS

## 401(k) VERSUS 403(b)

	403(b) Plan	403(b) Church Plan	401(k) Plan
<b>Eligible Employers:</b>			
Type of organization	501(c)(3) non-profit organizations including churches, schools, mission agencies, etc.	Churches and organizations established as churches for tax purposes	Most for-profit companies
<b>Ministry Considerations:</b>			
Tax Benefits for Employees with Ministerial Status	Contributions made before-SECA tax	Contributions made before-SECA tax	None
Housing Allowance Taken in Retirement	Pastors may be able to take a portion of retirement distributions as Housing Allowance	Pastors can take a portion of retirement distributions as Housing Allowance	No
Special Missionary Benefits	Yes	Yes	None
<b>Administration Requirements:</b>			
Average Compensation Percentage Testing	Yes, if an ERISA Plan	Not required	Yes
Average Deferral Percentage Testing	Not required	Not required	Yes
Independent Auditor's Report	Not required	Not required	Yes
File Form 5500 with the IRS	Yes, Abbreviated when subject to ERISA	Not required	Yes, Comprehensive
Average Annual Administration Costs	Low cost to employer	No to low cost to employer	High cost to employer: Average \$5,000 to \$6,500
Subject to ERISA guidelines	Yes, when plan design includes employer contributions	Not required	Yes
Maximum employee eligibility exclusions	1 year of service for ERISA plans, none for non-ERISA plans	None	1 year of service
Minimum age exclusion	Age 21	Age 21	Age 21
Required Minimum Distributions at age 70½	Yes	Yes	Yes
<b>Contribution Details:</b>			
Employee Contribution Limits	2010: Lesser of 100% of compensation or \$16,500; 50+ Catch Up: \$5,500; 15 years of Service Catch Up: \$3,000	2010: Lesser of 100% of compensation or \$16,500; 50+ Catch Up: \$5,500; 15 years of Service Catch Up: \$3,000	2008: Lesser of 100% of compensation or \$16,500; 50+ Catch Up: \$5,500
Employer Contribution Limits	2010: 100% of compensation up to \$49,000 (combined employee and employer contribution)	2010: 100% of compensation up to \$49,000 (combined employee and employer contribution)	2010: 100% of compensation up to \$49,000 (combined employee and employer contribution)
Roth "After-Tax" Contribution Option Available	Yes	Yes	Yes
Employer Contribution Type	Before-Tax	Before-Tax	Before-Tax
Employee Contribution Type	Before-Tax or After-Tax	Before-Tax or After-Tax	Before-Tax or After-Tax
<b>Investment Options:</b>			
Mutual Funds	Yes	Yes	Yes
Annuity Contracts	Yes	Yes	Yes

# ***RETIREMENT PLAN COMPARISONS*** ***401(k) VERSUS 403(b)***

***403(B) PLANS HAVE ALL THE SAME DESIRABLE FEATURES AS 401(K) PLANS!***

<b>Features</b>	<b>403(b) Plan</b>	<b>403(b) Church Plan</b>	<b>401(k) Plan</b>
Robust Multi-Manager Platform	✓	✓	✓
No-Load Mutual Funds	✓	✓	✓
Strong Participant Educational Material	✓	✓	✓
Plan Sponsor Support	✓	✓	✓
Online Access to Account Information	✓	✓	✓
Individual Financial Counseling for Participants	✓	✓	✓
Participant Portability	✓	✓	✓

***403(B) PLANS HAVE KEY BENEFITS FOR MINISTRIES***

<b>Key Benefits For Ministries</b>	<b>403(b) Plan</b>	<b>403(b) Church Plan</b>	<b>401(k) Plan</b>
Reduced Cost	Yes	Yes	No
Simplified Administration	Yes	Yes	No
Simplified IRS Reporting	Yes	Yes	No
Flexible Plan Designs Available	Yes	Yes	Yes
Before-SECA Contributions for Pastors	Yes	Yes	No
Tax-Free Distributions as Housing Allowance	No	Yes	No
Special Features for Missionaries	Yes	Yes	No
Flexibility within ERISA Compliance	Yes	Yes	No