

ADP® Retirement Plan Solutions



MAKE RETIREMENT EASY

76% of workers with a defined contribution plan are confident in having enough for a comfortable retirement versus 46% without¹ and learn at their own pace.

Retirement Plans For Real People

You rely on your employees to help you run your business, and your employees rely on you for benefits that matter to them — like a retirement plan. Offering one is a smart business decision because it helps make your workforce stronger by attracting and retaining top talent.

At ADP®, we know that managing a retirement plan can be a lot of responsibility. That's why we deliver worry-free retirement solutions that make plan administration easy to manage.

Everyone benefits

A retirement plan is one of the most important — and most attractive — benefits your business can offer to your employees. In today's competitive and challenging business environment, your employees trust you to make the right decisions for the business and look to you for confidence and stability.

A secure retirement appeals to workers of all ages. In fact, 8 in 10 workers expect their workplace retirement savings plan to be a source of retirement income, including half who say it will be a major source.¹

As a business owner, retirement plans enable you to:

- Receive a possible tax credit of up to \$500 for startup administrative costs each of the first three years of the plan²
- Deduct contributions as a business expense
- Attract and retain employees
- Help employees reduce taxes on current income and save for retirement in a tax-deferred account
- Increase employee satisfaction.

SIMPLE IRA and 401(k) Plan Solutions

ADP can help you and your employees prepare for retirement with a SIMPLE IRA or 401(k) plan solution that offers:

- Simplified paperwork to make startup and enrollment easier
- For 401(k) plans, automated contributions and money movement to comply with applicable regulations
- Two-way link between your payroll and the plan helps to reduce time spent on administrative tasks
- Low costs and no hidden fees
- Web and phone access 24 hours a day, 365 days a year³

¹ 2018 EBRI Retirement Confidence Survey.

² Please consult your tax or legal advisor to determine if you are eligible for this federal tax credit.

³ The system is generally available 24 hours a day, 7 days a week except when systems are unavailable due to scheduled maintenance.

We Make Retirement Plans Work Better

Both SIMPLE IRAs and 401(k) plans offer numerous benefits to you and your employees. This table may help you determine which one is the best option for you both.

Features	SIMPLE IRA	401(k)
Eligibility	<ul style="list-style-type: none"> Businesses with 100 or fewer employees who received at least \$5,000 in compensation from the business in the preceding year and that do not maintain any other retirement plan. 	<ul style="list-style-type: none"> All businesses with one or more employees, as well as tax-exempt entities, but not state or local government entities.
Key Advantages	<ul style="list-style-type: none"> Less administration and government reporting. 	<ul style="list-style-type: none"> Flexible vesting schedules and higher contribution limits.
Funding Responsibility	<ul style="list-style-type: none"> Employee contribution through salary deductions and required employer contributions 	<ul style="list-style-type: none"> Employee contribution through salary deductions and optional employer contributions.⁴
Annual Participant Contribution Limits	<ul style="list-style-type: none"> Up to the lesser of 100% of compensation or \$13,500 per year for 2020 (\$16,500 a year if age 50 or older).⁵ 	<ul style="list-style-type: none"> Depending on plan design could potentially be up to 100% of compensation up to a maximum of \$19,500 in 2020 (\$26,000 a year if age 50 or older).⁶
Annual Employer Contribution Limits	<ul style="list-style-type: none"> Either match employee contributions dollar for dollar up to 3% of compensation (can be reduced to as low as 1% in any 2 out of 5 years) OR contribute 2% of each eligible employee's compensation. 	<ul style="list-style-type: none"> Contributions are not mandatory; however, employee contributions plus employer matching and/or profit sharing contributions cannot exceed lesser of 100% of compensation or \$57,000. Employer can deduct amounts that do not exceed 25% of aggregate compensation for all employees.
Timing of Contributions	<ul style="list-style-type: none"> Employer contributions must be made by tax filing date (plus extensions) for prior year contribution. For elective deferrals by employees, generally made on a per payroll basis (different timing rules apply to elective deferrals by sole proprietors and partners). 	<ul style="list-style-type: none"> Employer contributions must be made by tax filing date (or extensions) for prior year contribution. Employee deferral from payroll by December 31.
Vesting of Contributions	<ul style="list-style-type: none"> Immediate 	<ul style="list-style-type: none"> Employee deferrals are always 100% vested. Vesting of employer contributions is defined by the employer but subject to Internal Revenue Code minimum vesting schedules. One vesting schedule example: Employer contributions are 100% vested after 3 years.
Withdrawals	<ul style="list-style-type: none"> Withdrawals at any time. If employee is under age 59½, withdrawals generally may be subject to a 25% penalty, if taken within the first two years of beginning participation, and a possible 10% penalty applies after that time up to age 59½. 	<ul style="list-style-type: none"> Cannot take withdrawals from a plan until a "trigger" event occurs (e.g., termination of employment, death, disability or attainment of age 59½). May offer loan provisions and allow withdrawals in certain hardship situations. Withdrawals may be subject to 10% penalty if participant is under age 59½.
Administrative And Regulatory Reporting Requirements	<ul style="list-style-type: none"> Employee Contribution Notice and a Summary Description 	<ul style="list-style-type: none"> SPD and Summary Annual Report Annual filing of Form 5500 — if 100 or more participants Annual filing of Form 5500 SF — may file short form if less than 100 eligible participants

4 Employer contributions are required for Safe Harbor 401(k) plans however.

5 The maximum annual contribution limits are subject to cost-of-living adjustments determined by the IRS each year and may change in subsequent years.

6 Maximum deferral amount should take into account necessary deductions, such as various state taxes.

For more information on SIMPLE IRAs or 401(k) plans from ADP, please contact your ADP Retirement Services District Manager.

[DM Name]

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