

Feature	403(b)	401(k)
Eligible employer	Educational organizations and nonprofit organizations under 501(c)(3) of the IRC	Any employer
Eligible employees	All employees but may exclude: • Employees who work less than 20 hours per week • Professors on sabbaticals • Certain students • Union employees covered under collective bargaining agreements • Non-resident aliens with no U.S. income	May be less restrictive, but cannot exclude those who exceed: • Age 21 • One year of service • 1000 hours of service per year May exclude: • Union employees covered under collective bargaining agreements • Non-resident aliens with no U.S. income
Contribution limits (employer)	Employer's discretion up to 25% of eligible payroll. Can be made as a matching or an employer discretionary contribution.	Employer's discretion up to 25% of eligible payroll. Can be made as a matching or a profit sharing contribution.
Contributions limits (employee)*	Employees can defer up to \$24,500 per year (2026 limit). Employee and employer contributions per employee cannot exceed \$72,000, unless the employee is age 50 or older, in which case they may defer an additional \$8,000. Employees ages 60-63 may be eligible for a higher catch-up of up to \$11,250, if permitted by the plan. An employee of a "qualified organization" with 15 years of service may also be eligible to contribute an additional \$3,000 (lifetime cap applies).	Employees can defer up to \$24,500 per year (2026 limit). Employee and employer contributions per employee cannot exceed \$72,000, unless the employee is age 50 or older, in which case they may defer an additional \$8,000. Employees ages 60-63 may be eligible for a higher catch-up of up to \$11,250, if permitted by the plan.
Deductions and deferrals	Employer contributions are tax deferred for employee. Employee contributions are pre-tax and tax deferred.	Employer contributions deductible to employer and tax deferred for employee. Employee contributions are pre-tax and tax deferred.
Investment options	Mutual funds and annuities only	Any acceptable investment under the plan
Vesting	Several permissible vesting schedules. All employee elective deferrals are 100% vested immediately.	Several permissible vesting schedules. All employee elective deferrals are 100% vested immediately.
Subject to ERISA	Yes, if considered an "employee benefit plan." Employers may limit their role and not provide employer contributions to the plan to remain exempt from ERISA. Could also be exempt under ERISA rules (governmental or certain church plans).	Yes, unless otherwise exempt (governmental or certain church plans).
Testing	Subject to universal availability, ACP and coverage testing. Exceptions for state/local governmental employers and certain churches.	Subject to ADP, ACP, coverage and top-heavy testing.
Form 5500 annual reporting	If non-ERISA plan, no 5500 is required. If ERISA plan, 5500 filing is required.	Required. However, special rules do apply to plans covering only owners and spouses.

This general information piece is distributed with the understanding that EGPS is not rendering any legal advice.

Plan Sponsors should consult with their legal representatives about the application of any law pertaining to retirement plans.

* Note: Beginning in 2026, certain catch-up contributions for higher-income participants must be made as Roth contributions if applicable.