

A close-up photograph of a woman with long, wavy brown hair, smiling broadly. She is wearing a dark blue blazer over a light-colored top. The background is softly blurred, showing other people in a professional setting.

**Unlock Employee  
Loyalty with Smart  
Vesting Schedules**

**Is your 401(k) plan working hard enough to retain your best talent?**

**It's time to talk about**  
**Vesting Schedules** **for**  
**your 401(k) plans.**

HERE ARE THE TOP **3 OPTIONS** TO CONSIDER.

# Cliff Vesting

Employees are fully vested after a set period (*e.g., 3 years*). It is great for retention, as it encourages employees to receive the full benefit.

*Example:*

## Employment Years and Vesting Schedule



## BENEFITS

- ✓ Protects employer's contributions
- ✓ Encourages loyalty
- ✓ Simplified administration

# Graded Vesting

Gradually vests over time (e.g., 20% per year). This is ideal for attracting talent, as it offers incentives for loyalty while still providing benefits early on.\*

\* Federal rules require full vesting within six years.

*Example:*

## Employment Years and Vesting Schedule

1 YEAR 0%	2 YEARS 20%	3 YEARS 40%
4 YEARS 60%	5 YEARS 80%	6 YEARS 100%

## BENEFITS

- ✓ Lowers employer financial risk
- ✓ Promotes loyalty
- ✓ Employee contributions vest immediately

# Immediate Vesting

Employees are fully vested from day one. It is ideal for enticing top talent who prioritize immediate access to benefits.

*Example:*

**Employment Years  
and Vesting Schedule**

**1 YEAR  
100%**

## BENEFITS

- ✓ Attracts eager employees
- ✓ Competitive advantage
- ✓ Simple administration

A photograph of a woman and a man in an office setting. The woman, on the left, has her hair in a bun and is wearing a green top and tan pants. She is smiling and looking down. The man, on the right, has a beard and glasses, wearing a blue button-down shirt and tan pants. He is also smiling and looking down. A dark blue semi-transparent box with white text is overlaid on the bottom half of the image.

**Which vesting schedule  
best aligns with your  
company culture?**

**Are you ready to tailor  
a 401(k) plan that your  
employees will truly value?**

**Contact us today for a  
complimentary consultation.**

Customizing your vesting schedule to match your company's culture and objectives can significantly impact your ability to attract and retain top talent. Level up your 401(k) plan by getting in touch with our specialized retirement plan team.

---

This information was developed as a general guide to educate plan sponsors and is not intended as authoritative guidance or tax/legal advice. Each plan has unique requirements, and you should consult your attorney or tax advisor for guidance on your specific situation.

©401(k) Marketing, LLC. All rights reserved. Proprietary and confidential. Do not copy or distribute outside original intent.