Tables: Retirement Savings Plans

Table #1: Individual Plans

Individual retirement savings plans have tax benefits that make them attractive ways to save for retirement on your own, either in addition to an employer plan or when you're not covered by such a plan. To be eligible to contribute, you must have earned income. Alimony counts as earned income. While you can have more than one individual IRA account, and even more than one type of account, your total contributions to all of your individual accounts cannot exceed the annual contribution limit or the amount that you earn in one year.

In exchange for receiving tax benefits by contributing to an individual plan, you must follow specific rules on how much you put aside each year and, in some cases, how you take money out. You must also take the initiative to set up and contribute to these plans on your own. But you have the right to choose where to open your account and which investments to make.

Product	Who Can Use It	Maximum Contribution	Withdrawal Rules	Tax Rules	Portability	Comments
Deductible Traditional IRA	• Anyone who earns income, but not after age 70 ½ • Spousal IRAs for non-working spouses	• $5,000 for 2010, plus $1,000 catch-up if 50 or older	• Before 59 ½, taxes and 10% tax penalty due on most withdrawals • Must start minimum required distributions (MRDs) at 70 ½ •	• Earnings and contributions taxed at regular income tax rate at withdrawal • Can deduct full contribution for 2010 if modified adjusted gross income (MAGI) is $55,000 or less as a single tax-filer or $89,000 or less as joint filer • Deduction phases out for 2010 as MAGI approaches $65,000 as a single tax-filer or $109,000 as a joint tax filer	• Can roll over to another IRA or employer plan that accepts rollovers • Can convert to Roth IRA, but must pay taxes due	• Deductible contributions mean immediate tax savings • Income limits affect amount that is deductible • No loans
Non-deductible Traditional IRA	• Anyone who earns income, but not after age 70 ½ • Spousal IRAs for non-working spouses	• $5,000 for 2010 plus $1,000 catch-up if 50 or older	• Before 59 ½, taxes and 10% tax penalty due on most withdrawals • Must start MRDs by 70 ½	• Earnings but not contributions taxed at regular income tax rate at withdrawal	• Can roll over to another IRA • May qualify to convert to Roth IRA, but must pay taxes due	• Contributions never tax deductible • No loans
Roth IRA	• Anyone who earns income and, for 2010, has a MAGI up to $120,000 as a single tax-filer or $176,000 as a joint filer • Spousal IRAs for non-working spouses	• $5,000 for 2010 plus $1,000 catch-up if 50 or older • For 2010, the ability to contribute decreases as MAGI rises from $105,000 to $120,000 for single filers and from $166,000 to $176,000 for joint filers	• Before 59 ½, taxes and 10% tax penalty due on most withdrawals • Up to $10,000 in earnings may be withdrawn tax free to buy first home	• No tax on withdrawals if at least 59 ½ and account has been open at least 5 years	• Can roll over to another Roth IRA	• No required withdrawals • No age limit on contributions if still earning • Income limits affect eligibility to contribute • Contributions never tax-deductible • No loans • Contributions may be withdrawn at any time without penalty

Table #2: Employer Plans

Your employer may offer a retirement plan as part of your employee benefits package. Sometimes you must be on the job a specific period of time before qualifying to participate. You fund traditional employer plans by deferring a portion of your pretax salary, reducing your current taxable income. However, with a Roth 401(k) or Roth 403(b), you contribute after-tax income and may qualify for tax-free withdrawals. Some employers may also match part of your contribution. A typical formula might be 50% of your contribution, up to 5% or 6% of your salary.

All contributions to all employer-sponsored retirement plans have the opportunity to grow tax-deferred. As with individual retirement plans, in exchange for tax advantages, there are certain contribution limits and withdrawal restrictions.

Product	Who May Offer It	Maximum Contribution	Withdrawal Restrictions	Tax Rules	Portability	Comments
Traditional 401(k)	• Corporations and non-profit organizations	• $16,500 in 2010 plus $5,000 catch-up if 50 or older	• Must start minimum required distributions (MRDs) by 70 ½ in most cases • Withdrawals permitted only when you change jobs or retire, unless you qualify for hardship withdrawal	• Withdrawals taxed at regular income tax rate • 10% tax penalty for withdrawals before 59 ½	• Can roll over contributions and earnings to an IRA and to other employer plans that accept rollovers • Can roll over matching money if vested	• Contributions lower taxable income • Loans permitted in some plans
Traditional 403(b)	• Non-profit organizations	• $16,500 in 2010 plus $5,000 catch-up if 50 or older	• Must start MRDs by 70 ½ unless sill working • Withdrawals permitted only when you change jobs or retire, unless you qualify for hardship withdrawal	• Withdrawals taxed at regular income tax rate • 10% tax penalty for withdrawals before 59 ½	• Can roll over contributions and earnings to an IRA and to other employer plans that accept rollovers • Can roll over matching money if vested	• Contributions lower taxable income • Loans permitted in some plans • Investments limited to mutual funds and annuities
Roth 401(k), Roth 403(b)	• Any organization that also offers 401(k) or 403(b)	• $16,500 in 2010 plus $5,000 catch-up if 50 or older	• Must start MRDs by 70 ½ • Withdrawals permitted only when you change jobs or retire, unless you qualify for hardship withdrawal	• No tax on withdrawals if you're at least 59 ½ and account has been open at least 5 years • Tax at regular rate plus 10% tax penalty for withdrawals before 59 ½	• May roll over into Roth IRA if retiring or leaving job • Cannot move assets to traditional and 401(k) or 403(b), except matching funds, if vested	• Contributions made with after-tax income • Unlike Roth IRA, no income restrictions on eligibility to contribute • Matching funds made to a parallel traditional account
457	• State and local government agencies and non-government tax-exempt organizations	• $16,500 in 2010 plus $5,000 catch-up if 50 or older, plus additional catch-up when approaching retirement	• Penalty-free withdrawals any time after retiring from government service • Must start MRDs by 70 ½	• Withdrawals taxed at regular income tax rate	• Contributions 100% vested • Government employees only may roll over to other employer plan	• Contributions lower taxable income • Can also participate in 401(k) or 403(b) if offered • No matching • No loans

Thrift Savings Plan (TSP)	• Federal agencies and organizations	• \$16,500 in 2010 or up to 100% of salary plus \$5,000 catch-up if 50 or older • Up to \$49,000 in 2010 for tax-exempt income for qualified military	• Must start MRDs by 70 ½ • Withdrawals per-mitted only when you change jobs or retire, unless you qualify for hardship withdrawal	• Withdrawals taxed at regular income tax rate • 10% tax penalty for withdrawals before 59 ½	• Can roll over to IRA if retiring or leaving job • Contributions 100% vested	• Contributions lower taxable income • For some federal employees, automatic match of 1% of base pay • Investment choices limited to five index funds or one lifecycle fund

Table #3: Small Business Plans

Certain types of retirement savings plans are designed specifically for small businesses and self-employed people. These plans give you access to some of the same types of tax advantages found in other employer plans, but with the additional flexibility you might need if you work for yourself or for a small business.

Among their advantages are higher annual contribution limits (compared with any other plans, individual or employer sponsored) and potentially broader choice of investments than with other employer plans.

Product	Key Characteristics	Maximum Contribution	Withdrawal Restrictions	Tax Rules	Portability	Comments
Simplified Employee Pension (SEP)	• Account in your name, funded with employer contributions	• Up to 25% of salary or $49,000 in 2010, whichever is less	• Must start minimum required distributions (MRDs) by 70 ½	• Withdrawals taxed at regular income tax rate • 10% tax penalty for withdrawals before 59 ½	• 100% vested at time of deposit • Can be rolled over into IRA	• No loans • Doesn't commit employer to regular contributions
Savings Incentive Match Plans for Employees (SIMPLE)	• Companies with 100 or fewer employees who earn at least $5,000 a year • Can be set up as SIMPLE- IRA or SIMPLE -401(k)	• $11,500 in 2010 plus $2,500 catch-up if 50 or older	• Must start MRDs by 70 ½ • Withdrawals permitted only when you change jobs or retire, unless you qualify for hardship withdrawal	• Withdrawals taxed at regular income tax rate	• Contributions 100% vested • Two-year waiting period or a 25% tax penalty on most rollovers	• Contributions lower taxable income • Employer must match up to 3% of your contribution or at least 2% of your income
Profit-sharing Keogh Plan	• Account in your name, funded with employer contributions	• Up to 25% of your salary, or $49,000 in 2010, whichever is less	• Must start MRDs by 70 ½	• Withdrawals taxed at regular income tax rate • 10% tax penalty for withdrawals before 59 ½	• 100% vested at time of deposit • Can be rolled over into SEP or other IRA	• Loans may be available • Contributions may vary along with company profits
Money Purchase Keogh Plan	• Account in your name, funded with employer contributions	• Up to 25% of salary or $49,000 in 2010, whichever is less	• Must start MRDs by 70 ½	• Withdrawals taxed at regular income tax rate • 10% tax penalty for withdrawals before 59 ½	• 100% vested at time of deposit • Can be rolled over into SEP or IRA	• Loans may be available • Employer must contribute specific percentage of each eligible employee's earnings each year
Solo 401(k)	• Account in your name to which both you and employer contribute	• $16,500 in 2010 from employee plus $5,000 catch-up if 50 or older Employer contribution to a maximum of to 25% of salary or $49,000 in 2010, whichever is less	• Must start MRDs by 70 ½	• Withdrawals taxed at regular income tax rate • 10% tax penalty for withdrawals before 59 ½	• 100% vested at time of deposit • Can be rolled over into SEP or IRA	• Highest potential annual contribution • Loans may be available