2019 Retirement Plan Reference Guide

This 2019 retirement plan reference guide helps you identify the most appropriate IRA, 401(k), or other product for your clients, whether they are just starting to save for retirement or looking for another vehicle to help maximize retirement savings.

	IRA	Roth IRA	SEP IRA	SIMPLE IRA	Traditional 401(k)	Safe Harbor 401(k)	Individual 401(k)
Maximum Annual Contribution Limits	For 2019, the contribution limit is $6,000 ($7,000 for account holders age 50 and older) or 100% of earned income, whichever is less. A nonemployed spouse may contribute up to $6,000 per year ($7,000 for account holders age 50 and older) if joint taxable income permits.	For 2019, the contribution limit is $6,000 ($7,000 for account holders age 50 and older) or 100% of earned income, whichever is less. A nonemployed spouse may contribute up to $6,000 per year ($7,000 for account holders age 50 and older) if joint taxable income permits.	For 2019, the contribution limit is the lesser of 25% of W-2 pay or $56,000 (based on the first $280,000 of compensation); the contribution is effectively limited to 20% of pay if filing Schedule C (Sole Proprietorship).	For 2019, the maximum salary deferral is $13,000 ($16,000 for account holders age 50 and older). The employer must match deferrals dollar-for-dollar, up to 3% of compensation (can be reduced to 1% in two out of five years), or make a 2% nonelective contribution to all eligible employees.	Employees can defer 100% of taxable income up to $19,000 (up to $25,000 for employees age 50 and older). Total employer/employee contributions cannot exceed $56,000 ($62,000 for employees age 50 and older).	Employees can defer taxable income up to $19,000. A participant age 50 and older can make a $6,000 catch-up contribution, in addition to the annual deferral limit. The employer is required to make either a 3% nonelective contribution or 100% of employee deferrals up to 3% of compensation, plus 50% of employee deferrals in excess of 3% up to 5% of compensation (for a total of 4%).	Employees can defer 100% of taxable income up to $19,000 (up to $25,000 for employees age 50 and older). The employer contributions are limited to a maximum of 25% of compensation; for self-employed, based on a specific computation using IRS guidelines. Total employer/employee contributions cannot exceed $56,000 ($62,000 if employee is age 50 and older).
Deadline to Establish	Tax-filing deadline, not including extensions (usually April 15)	Tax-filing deadline, not including extensions (usually April 15)	Employer's tax-filing deadline, including extension period (if filed for)	October 1 for current year (A 60-day notice must be given to eligible employees.)	Plan must be established by business's fiscal year-end, generally December 31	October 1 to be eligible for current year	Plan must be established by business's fiscal year-end, generally December 31
Deadline to Contribute	Tax-filing deadline, not including extensions (usually April 15)	Tax-filing deadline, not including extensions (usually April 15)	Employer's tax-filing deadline, including extension period (if filed for)	Employer contributions by employer's tax-filing date, including extension period (if filed for); employee contributions no later than seven days after the salary deferral is made	Employer contributions by employer's tax-filing date, including extension period (if filed for); salary deferrals as soon as administratively possible, but no later than the 15th of the month following the month in which they were deferred	Employer contributions by employer's tax-filing date, including extension period (if filed for); salary deferrals as soon as administratively possible, but no later than the 15th of the month following the month in which they were deferred	Employer contributions by employer's tax-filing date, including extension period (if filed for); salary deferrals as soon as administratively possible, but no later than the 15th of the month following the month in which they were deferred
Eligibility Requirements	Must be younger than age 70½ and have earned income for the year	Must have earned income for the year; $6,000 contribution limit phased out for single filers with MAGI of $122,000–$137,000, married filing jointly with MAGI of $193,000–$203,000, or married filing separately with MAGI of $0–$10,000	Employer must include all employees who have reached age 21, worked three out of the last five years, and earned at least $600 in current year; employer must contribute same percentage to all employees	All employees who have earned at least $5,000 during any two preceding years and who are reasonably expected to earn $5,000 this year	Employer must include all employees who have reached age 21 and who have completed one year of service; employer may exclude employees who worked fewer than 1,000 hours	Employer must include all employees who have reached age 21 and who have completed one year of service; employer may exclude employees who worked fewer than 1,000 hours	Only the business owner and his or her spouse or partner are eligible; only businesses that include those two individuals may participate in the plan
Can Be Suitable For	Wage-earning taxpayer and nonworking spouse who file a joint return	Wage-earning taxpayer and nonworking spouse who file a joint return	Corporations, sole proprietors, partnerships, and nonprofit entities	Corporations, sole proprietors, partnerships, nonprofit entities, and government entities with 100 or fewer eligible employees	Corporations, sole proprietors, partnerships, and nonprofit entities	Corporations, sole proprietors, partnerships, and nonprofit entities	Businesses (including corporations, sole proprietors, partnerships, and nonprofit entities) that employ only the owners and their spouses

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	IRA	Roth IRA	SEP IRA	SIMPLE IRA	Traditional 401(k)	Safe Harbor 401(k)	Individual 401(k)
Required Minimum Distributions (RMDs)	RMDs must begin by April 1 of the year following the year in which the individual turns 70½.	None	RMDs must begin by April 1 of the year following the year in which the individual turns 70½.	RMDs must begin by April 1 of the year following the year in which the individual turns 70½.	RMDs begin at age 70½ or retirement, whichever is later, except 5% owners must start RMDs at age 70½.	RMDs begin at age 70½ or retirement, whichever is later, except 5% owners must start RMDs at age 70½.	RMDs begin at age 70½ or retirement, whichever is later, except 5% owners must start RMDs at age 70½.
Distributions	Penalty-free distributions include reaching age 59½, death, permanent disability, higher-education expenses, first-time home purchase (with a $10,000 lifetime limit), payment of health insurance for unemployed, and payment of medical expenses above 10% of AGI (above 7.5% of AGI for age 65 and older).	Cost basis is distributed tax and penalty free. Earnings are tax and penalty free if Roth has been open for five years and client meets one of the following exceptions: reaching age 59½, death, disability, or first-time home purchase ($10,000 lifetime limit). Earnings spent for higher education or payment of medical expenses above 10% of AGI (above 7.5% of AGI for age 65 and older) are penalty free but taxed. Distributions of Roth conversions are always tax free and are only penalty free if the conversion has aged five years or client meets one of the withdrawal exceptions.	Penalty-free distributions include reaching age 59½, death, permanent disability, higher-education expenses, first-time home purchase (with a $10,000 lifetime limit), payment of health insurance for unemployed, and payment of medical expenses above 10% of AGI (above 7.5% of AGI for age 65 and older).	Penalty-free distributions after two years include reaching age 59½, death, permanent disability, higher-education expenses, first-time home purchase (with a $10,000 lifetime limit), payment of health insurance for unemployed, and payment of medical expenses above 10% of AGI (above 7.5% of AGI for age 65 and older).	Penalty-free distributions include reaching the plan's normal retirement age, death, permanent disability, separation from service at age 55, and reaching age 59½.	Penalty-free distributions include reaching the plan's normal retirement age, death, permanent disability, separation from service at age 55, and reaching age 59½.	Penalty-free distributions include reaching the plan's normal retirement age, death, permanent disability, separation from service at age 55, and reaching age 59½.
Tax Treatment of Distributions	Generally taxed as ordinary income (excluding nondeductible contributions)	Distributions tax free if they meet the criteria above	Generally taxed as ordinary income	Generally taxed as ordinary income	Generally taxed as ordinary income	Generally taxed as ordinary income	Generally taxed as ordinary income
Features	Earnings grow tax deferred; contributions may be tax deductible	Earnings grow tax free; contributions not tax deductible; contributions can continue after age 70½	Easy to establish and maintain; minimal IRS filings; low cost; flexible contribution limits; employer not committed for future years	Easy to establish and maintain; pretax contributions may reduce employee's taxable income; no discrimination testing; employer may not run any other retirement plan in conjunction with a SIMPLE	Pretax contributions may reduce employee's taxable income; flexible plan design	Pretax contributions reduce employee's taxable income; flexible plan design; allows maximum deferrals for highly compensated employees	Pretax contributions may reduce employee's taxable income; flexible plan design
Who Contributes	Individuals	Individuals	Employer	Employer and employees	Employees only or employees and employer	Employer and employees	Employees only or employees and employer
Vesting	Always 100%	Always 100%	Always 100%	Always 100% for both employer and employee contributions	100% for employee contributions; vesting for employer matching contributions is maximized at three-year cliff or six-year graded	100% for employee elective and employer required contributions and required match made by employer; any additional profit sharing may have gradual vesting for employer contributions up to six years or cliff vesting up to three years	Always 100%
Loan Feature	N/A	N/A	N/A	N/A	Available	Available	Available
Administration	None	None	None	None	IRS 5500 filings and other ERISA requirements	IRS 5500 filings and other ERISA requirements	IRS 5500 filings once plan exceeds $250,000 and other ERISA requirements

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	PSP	MPP	403(b)	457(b)	412(i)
Maximum Annual Contribution Limits	Contributions are limited to the lesser of 25% of W-2 compensation or $56,000 (based on first $280,000 of compensation); contributions are effectively limited to 20% of pay if filing Schedule C (Sole Proprietorship).	Contributions are limited to the lesser of 25% of W-2 compensation or $56,000 (based on first $280,000 of compensation); contributions are effectively limited to 20% of pay if filing Schedule C (Sole Proprietorship).	Employees can defer 100% of taxable income up to $19,000 (up to $25,000 for employees age 50 and older). Total employer/employee contributions cannot exceed $56,000 ($62,000 for employees age 50 and older). An additional catch-up may apply.	Employees can defer 100% of taxable income up to $19,000 (up to $25,000 for employees age 50 and older). An additional catch-up may apply.	The maximum contribution amount is based on income.
Deadline to Establish	Plan must be established by business's fiscal year-end, generally December 31	Plan must be established by business's fiscal year-end, generally December 31	N/A	N/A	Plan must be established by year-end for which contributions are to be credited
Deadline to Contribute	Employer's tax-filing date, including extension period (if filed for)	Employer's tax-filing date, including extension period (if filed for)	Employer contributions by employer's tax-filing date, including extension period (if filed for); salary deferrals as soon as possible, but no later than the 15th of the month following the month in which they were deferred	Employee contributions withheld each pay period and deposited no later than seven days into the plan	Employer's tax-filing deadline, including extension period (if filed for)
Eligibility Requirements	Employer must include all employees who have reached age 21 and who have completed one year of service (or two years if 100% vesting); employer may exclude employees who worked fewer than 1,000 hours	Employer must include all employees who have reached age 21 and who have completed one year of service (or two years if 100% vesting); employer may exclude employees who worked fewer than 1,000 hours	Employer must provide universal availability to all employees; employer may exclude employees who participate in a governmental 457(b) plan, are nonresident aliens, or normally work fewer than 20 hours/week if the employer expects the employee to work less than 1,000 hours in a 12-month period and in subsequent 12-month periods	Employees or independent contractors with earned compensation from an eligible employer; employer may choose to offer plan to highly compensated employees or to other particular groups of employees	Employer must include all employees who have reached age 21 and who have completed one year of service; employer may exclude employees who worked fewer than 1,000 hours
Can Be Suitable For	Corporations, sole proprietors, partnerships, and nonprofit entities	Corporations, sole proprietors, partnerships, and nonprofit entities	Employees of public schools and tax-exempt 501(c)(3) organizations	State and local government employees and their agencies, state political subdivisions and their agencies, and tax-exempt organizations	Any business owner
Required Minimum Distributions (RMDs)	RMDs begin at age 70½ or retirement, whichever is later, except 5% owners must start RMDs at age 70½.	RMDs begin at age 70½ or retirement, whichever is later, except 5% owners must start RMDs at age 70½.	RMDs begin at age 70½ or retirement, whichever is later, except 5% owners must start RMDs at age 70½.	RMDs begin at age 70½ or retirement, whichever is later, except 5% owners must start RMDs at age 70½.	RMDs begin at age 70½ or retirement, whichever is later, except 5% owners must start RMDs at age 70½.
Distributions	Penalty-free distributions include reaching the plan's normal retirement age, death, permanent disability, separation from service at age 55, and reaching age 59½.	Penalty-free distributions include reaching the plan's normal retirement age, death, permanent disability, separation from service at age 55, and reaching age 59½.	Penalty-free distributions include reaching the plan's normal retirement age, death, permanent disability, separation from service at age 55, and reaching age 59½.	Penalty-free distributions include separation from service, death, and an unforeseeable emergency allowed by employer.	Penalty-free distributions include reaching the plan's normal retirement age, death, permanent disability, separation from service, and reaching age 59½.
Tax Treatment of Distributions	Generally taxed as ordinary income	Generally taxed as ordinary income	All distributions taxed as ordinary income	All distributions taxed as ordinary income; no 59½ rule for withdrawals	All distributions taxed as ordinary income

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	PSP	MPP	403(b)	457(b)	412(i)
Features	Contributions can vary annually	Contribution rate is fixed; plan can be paired with a PSP	Pretax contributions may reduce employee's taxable income; employer may make matching or discretionary contributions	Pretax contributions may reduce employee's taxable income; plan allows for additional $19,000 pretax contributions	Plan provides greater tax deductibility and the ability to credit a greater percentage of contributions to employers themselves
Who Contributes	Employer	Employer	Employees only or employees and employer	Employees	Employer
Vesting	Gradual vesting permitted up to six years or cliff vesting up to three years	Gradual vesting permitted up to six years or cliff vesting up to three years	100% for employee contributions; gradual vesting for employer contributions permitted up to six years or cliff vesting up to three years	100% for employee contributions; gradual vesting for employer contributions permitted up to six years or cliff vesting up to three years	100% for employee contributions; gradual vesting for employer contributions permitted up to six years or cliff vesting up to three years
Loan Feature	Available	Available	Available	Available	Unavailable
Administration	IRS 5500 filings and other ERISA requirements	IRS 5500 filings and other ERISA requirements	Plan document required for all plans; IRS 5500 filings and other ERISA requirements for ERISA plans	None	Third-party administration required

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