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# Summary Comparison of Retirement Plans, Roths, IRAs, 403(b)s, and 457s

(2012 limitations included herein; subject to change annually)

*by Carol Lawton*



| Question/Topic | Individual(k) | SEP/IRA | SIMPLE/401(k) | Profit Sharing | Money Purchase | 401(k) | Roth 401(k) | Defined Benefit | Roth IRA |
|---|---|---|---|---|---|---|---|---|---|
| **Who Can Establish?** | Corporations, Sub-Chapter S, Self Employed, Sole Proprietorships - "Owner(s) Only," Partnerships, LLCs, Businesses with "Excludable" Common-Law Employees | Corporations, Sub-Chapter S, Self Employed, Sole Proprietorships, Partnerships, Non-Profit (not eligible for salary deferral). | Employers with no more than 100 employees, including sole proprietors and non-profit entities (cannot maintain another qualified plan). | Corporations, Sub-Chapter S, Self Employed, Sole Proprietorships, Partnerships, LLCs, Non-Profit | Corporations, Sub-Chapter S, Self Employed, Sole Proprietorships, Partnerships, LLCs, Non-Profit | Corporations, Sub-Chapter S, Self Employed, Sole Proprietorships, Partnerships, LLCs, Non-Profit | Corporations, Sub-Chapter S, Self Employed, Sole Proprietorships, Partnerships, LLCs, Non-Profit | Corporations, Sub-Chapter S, Self Employed, Sole Proprietorships, Partnerships, LLCs, Non-Profit | Individual with earned income. |
| **Maximum Eligibility Requirements** | 1 year of service with employer. 1,000 hours per year. At least 21 years of age. | Worked for employer during any period of three of the last immediately preceding five years; however short. At least 21 years of age. $550 annual compensation. | 1 year of service with employer. 1,000 hours per year. At least 21 years of age. | 2 years of service with immediate vesting. 1,000 hours per year. At least 21 years of age. | 2 years of service with immediate vesting. 1,000 hours per year. At least 21 years of age. | 1 year of service for employee salary deferrals. 2 years of service for Profit Sharing contribution with full & immediate vesting. 1,000 hours per year. At lease 21 years of age. | 1 year of service for employee salary deferrals. 2 years of service for Profit Sharing contribution with full & immediate vesting. 1,000 hours per year. At lease 21 years of age. | 2 years of service with immediate vesting. 1,000 hours per year. At least 21 years of age. | Must have modified adjusted gross income of <$125,000 for single filers and <$183,000 for joint filers. |
| **Are Contributions Mandatory?** | No | No | Employer—Yes<br>Employee—No | No | Yes | No | No | Yes | No |
| **Contribution Limits: Employer** | The employer's current year deduction is limited to 25% of compensation paid to all eligible participants. Allocation limited to lesser of 100% of Comp. or $50,000 per participant ($250,000 salary cap). | 25% of each employee's compensation (maximum $50,000; $250,000 salary cap). | Match deferrals $1 for $1 up to the first 3% of compensation (maximum match $7,500) or non-elective contribution of 2% on first $250,000. | The employer's current year deduction is limited to 25% of compensation paid to all eligible participants. Allocation limited to lesser of 100% of Comp. or $50,000 per participant ($250,000 salary cap). | The employer's current year deduction is limited to 25% of compensation paid to all eligible participants. Allocation limited to lesser of 100% of Comp. or $50,000 per participant ($250,000 salary cap). | The employer's current year deduction is limited to 25% of compensation paid to all eligible participants. Allocation limited to lesser of 100% of Comp. or $50,000 per participant ($250,000 salary cap). | The employer's current year deduction is limited to 25% of compensation paid to all eligible participants. Allocation limited to lesser of 100% of Comp. or $50,000 per participant ($250,000 salary cap). | Based on actuarial assumptions, i.e., age, compensation, etc. ($200,000 Annual Benefit Cap); $250,000 salary cap. | N/A |
| **Contribution Limits: Individual** | $17,000 salary deferral limit under IRC Section 402(g). | Employee IRA—$5,000 | $11,500 salary deferral limit under IRC Section 408(p). | No elective deferrals. After tax voluntary employee contributions may be allowed in accordance with the plan provisions. | No elective deferrals. After tax voluntary employee contributions may be allowed in accordance with the plan provisions. | $17,000 salary deferral limit under IRC Section 402(g). | $17,000 salary deferral limit under IRC Section 402(g). | No elective deferrals. After tax voluntary employee contributions may be allowed in accordance with the plan provisions. | 100% of earned income up to $5,000 per individual to all IRAs. |
| **Catch-up Contributions For Workers Age 50 and Older** | $5,500 | $1,000—Employee IRA<br>$5,500—(Existing SAR-SEP) | $2,500 | Not Available | Not Available | $5,500 | $5,500 | Not Available | $1,000 |
| **When Must the Plan Be Established?** | By fiscal year-end (12/31 for calendar-year plan). | By tax-filing date plus extensions. | October 1 for existing businesses. As soon as administratively feasible for businesses established after October 1. | By fiscal year-end (12/31 for calendar-year plan). | By fiscal year-end (12/31 for calendar-year plan). | By fiscal year-end (12/31 for calendar-year plan). | By fiscal year-end (12/31 for calendar-year plan). | By fiscal year-end (12/31 for calendar-year plan). | By tax-filing date, but not including extensions. |
| **When Must Contributions Be Made?** | By tax-filing date plus extensions. | Employer—by tax-filing date plus extensions.<br>Employee—on deferral basis. (SAR-SEP only) | Employer—by tax-filing date plus extensions.<br>Employee—on deferral basis. | By tax-filing date plus extensions. | By tax-filing date plus extensions. | Deadline for depositing salary deferrals is as soon as reasonably possible, but no later than the 15th day of the month following the pay date. | Deadline for depositing salary deferrals is as soon as reasonably possible, but no later than the 15th day of the month following the pay date. | By tax-filing date plus extensions. | By tax-filing date, but not including extensions. |
| **Who Directs Investments?** | Individual | Individual | Employer/Trustee or plan may allow individual direction. | Employer/Trustee or plan may allow individual direction. | Employer/Trustee or plan may allow individual direction. | Employer/Trustee or plan may allow individual direction. | Employer/Trustee or plan may allow individual direction. | Employer/Trustee | Individual |
| **Are Loans Available?** | Loans optionally available. | No | Loans optionally available. | Loans optionally available. | Loans optionally available. | Loans optionally available. | Loans optionally available. | Loans optionally available. | No |
| **Vesting** | Full & Immediate | Full & Immediate | Full & Immediate | Three employer vesting schedules: immediate, cliff, graded | Three employer vesting schedules: immediate, cliff, graded | Three employer vesting schedules: immediate, cliff, graded; full & immediate for employee deferrals | Three employer vesting schedules: immediate, cliff, graded; full & immediate for employee deferrals | Three employer vesting schedules: immediate, cliff, graded | Full & Immediate |

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| Question/Topic | Traditional IRA | SIMPLE IRA | 403(b) Non-ERISA Title I<br>Plans with Only<br>Salary Deferral Contributions | Roth 403(b) Non-ERISA Title I<br>Plans with Only<br>Salary Deferral Contributions | 403(b) ERISA Title I<br>Plans with<br>Employer Contributions | Roth 403(b) ERISA Title I<br>Plans with<br>Employer Contributions | 457(b) Eligible Plan | Roth 457(b) Governmental Eligible Plan | 457(f) Ineligible Plan<br>Plans with<br>Employer Contributions |
|---|---|---|---|---|---|---|---|---|---|
| **Who Can Establish?** | Individual with earned income. | Employers with 100 or fewer employees who earned $5,000 or more during prior calendar year (cannot maintain another retirement plan). | Non-profit organizations exempt under IRC 501(c)(3) (e.g., churches, hospitals and schools). | Non-profit organizations exempt under IRC 501(c)(3) (e.g., churches, hospitals and schools). | Non-profit organizations exempt under IRC 501(c)(3) (e.g., churches, hospitals and schools). | Non-profit organizations exempt under IRC 501(c)(3) (e.g., churches, hospitals and schools). | Governmental employers, public utility companies, elementary and secondary schools, public universities and colleges, city, county and state hospitals, certain non-governmental tax-exempt employers. | State and local governments only. | Same as a 457(b) but usually used for tax-exempt employers; rarely used by governmental employers. |
| **Maximum Eligibility Requirements** | Must have earned income and be under the age of 70½. | $5,000 in compensation for any two preceding years and is expected to earn $5,000 in current year. | The option to participate generally must be offered to all eligible employees (except certain student employees and employees who work less than 20 hours per week). | The option to participate generally must be offered to all eligible employees (except certain student employees and employees who work less than 20 hours per week). | The option to participate generally must be offered to all eligible employees (except certain student employees and employees who work less than 20 hours per week). | The option to participate generally must be offered to all eligible employees (except certain student employees and employees who work less than 20 hours per week). | Governmental—None<br>Tax-Exempt—Eligibility for a select group of management or highly compensated employees, except if the group is church-related. | None | Eligibility for a select group of management or highly compensated employees. |
| **Are Contributions Mandatory?** | No | Employer—Yes<br>Employee—No | No | No | Generally no, but may be designed with employer mandatory contributions. | Generally no, but may be designed with employer mandatory contributions. | No | No | No |
| **Contribution Limits: Employer** | N/A | Match deferral $1 for $1 up to 3% of compensation or 2% (subject to $250,000 salary cap) non-elective contribution. | Not Applicable | Not Applicable | The employer's contributions (including elective deferrals) to an employee's account should not be more than the lesser of $50,000, or 100% of the employee's compensation for the year ($250,000 salary cap). | The employer's contributions (including elective deferrals) to an employee's account should not be more than the lesser of $50,000, or 100% of the employee's compensation for the year ($250,000 salary cap). | • Employer contributions offset employee deferrals.<br>• Employer & Employee contributions combined cannot exceed 100% of compensation or $17,000, whichever is less. | • Employer contributions offset employee deferrals.<br>• Employer & Employee contributions combined cannot exceed 100% of compensation or $17,000, whichever is less. | No limit |
| **Contribution Limits: Individual** | 100% of earned income up to $5,000 per individual to all IRAs. | 100% of earned income up to $11,500. | 100% of compensation or $17,000, whichever is less. Special catch-up provisions may increase the contribution limit. | 100% of compensation or $17,000, whichever is less. Special catch-up provisions may increase the contribution limit. | 100% of compensation or $17,000, whichever is less. Special catch-up provisions may increase the contribution limit. | 100% of compensation or $17,000, whichever is less. Special catch-up provisions may increase the contribution limit. | 100% of compensation or $17,000, whichever is less. Special catch-up provisions may increase the contribution limit. However, please note that employer contributions offset employee deferrals. | 100% of compensation or $17,000, whichever is less. Special catch-up provisions may increase the contribution limit. However, please note that employer contributions offset employee deferrals. | No limit |
| **Catch-up Contributions For Workers Age 50 and Older** | $1,000 | $2,500 | $5,500 | $5,500 | $5,500 | $5,500 | Governmental—$5,500<br>Tax-Exempt—Not available<br>A special catch-up provision for participants within three years of normal retirement age may apply. | $5,500<br>A special catch-up provision for participants within three years of normal retirement age may apply. | Not Applicable |
| **When Must the Plan Be Established?** | By tax-filing date, but not including extensions. | October 1 for existing businesses. As soon as administratively feasible for businesses established after October 1. | The plan may be established any time during the calendar year. | The plan may be established any time during the calendar year. | The plan may be established any time during the calendar year. | The plan may be established any time during the calendar year. | The plan may be established any time during the calendar year. | The plan may be established any time during the calendar year. | The plan may be established any time during the calendar year. |
| **When Must Contributions Be Made?** | By tax-filing date, but not including extensions. | Employer—by tax-filing date plus extensions.<br>Employee—on a deferral basis. | Salary deferral ongoing from payroll. | Salary deferral ongoing from payroll. | Employer—The plan may be funded any time during the calendar year.<br>Employee—Salary deferral ongoing from payroll. | Employer—The plan may be funded any time during the calendar year.<br>Employee—Salary deferral ongoing from payroll. | Salary deferral ongoing from payroll. | Salary deferral ongoing from payroll. | Anytime |
| **Who Directs Investments?** | Individual | Individual | Individual | Individual | Employer/Trustee or plan may allow individual direction. | Employer/Trustee may allow individual direction. | Individual | Individual | Employer/Trustee directed. However, plan may permit participant direction. |
| **Are Loans Available?** | No | No | Loans optionally available. | Loans optionally available. | Loans optionally available. | Loans optionally available. | Governmental—Yes<br>Tax-Exempt—No | Yes | No |
| **Vesting** | Full & Immediate | Full & Immediate | Full & Immediate | Full & Immediate | Three vesting schedules: immediate, cliff, graded; full & immediate for employee deferrals | Three vesting schedules: immediate, cliff, graded; full & immediate for employee deferrals | • Employee salary deferrals - full & immediate<br>• Employer contributions may vest over time according to plan terms | • Employee salary deferrals - full & immediate<br>• Employer contributions may vest over time according to plan terms | Any vesting schedule |

| Question/Topic | Individual(k) | SEP/IRA | SIMPLE/401(k) | Profit Sharing | Money Purchase | 401(k) | Roth 401(k) | Defined Benefit | Roth IRA |
|---|---|---|---|---|---|---|---|---|---|
| **Distributions Before Age 59½** | 10% penalty unless over 55 and separated from service (except if self-employed or more than 10% owner), death or disability. Distributions are only allowed upon the occurrence of a triggering event. (see "Eligible Rollovers"). | 10% tax penalty utilizing substantially equal payments, death, disability, medical expenses, exceeding 7.5% of AGI or purchase of health insurance while employed. | 10% tax penalty unless over 55 and separated from service (except if self-employed or more than 10% owner), death or disability. Distributions are only allowed upon the occurrence of a triggering event. (see "Eligible Rollovers"). | 10% tax penalty unless over 55 and separated from service (except if self-employed or more than 10% owner), death or disability. Distributions may be allowed in accordance with the plan provisions, after a fixed number of years, reaching a stated age, or a distributable event. | 10% tax penalty unless over 55 and separated from service (except if self-employed or more than 10% owner), death or disability. Distributions are only allowed upon the occurrence of a triggering event. (see "Eligible Rollovers"). | 10% tax penalty unless over 55 and separated from service (except if self-employed or more than 10% owner), death or disability. Distributions are only allowed upon the occurrence of a triggering event. (see "Eligible Rollovers"). | 10% tax penalty unless over 55 and separated from service (except if self-employed or more than 10% owner), death or disability. Distributions are only allowed upon the occurrence of a triggering event. (see "Eligible Rollovers"). | 10% tax penalty unless over 55 and separated from service (except if self-employed or more than 10% owner), death or disability. Distributions are only allowed upon the occurrence of a triggering event. (see "Eligible Rollovers"). | 10% tax penalty on earnings unless withdrawal is for death, disability; first-time homebuyer ($10,000 limit in aggregate to all IRAs); substantially equal periodic payments; certain major medical expenses; certain long-term unemployment expenses. |
| **Distributions for Ages 59½ - 70½** | No Tax Penalty | No Tax Penalty | No Tax Penalty | No Tax Penalty | No Tax Penalty | No Tax Penalty | No tax penalty for "qualified distributions." A distribution is qualified if the distribution is made no earlier than five years after contributions were made to the Roth account and one of the following events occurs: attainment of age 59½, or older, death or disability. In any of these cases, the earnings withdrawn are tax-free. | No Tax Penalty | No tax penalty for "qualified distributions." A distribution is qualified if the Roth IRA has been established for at least five years and one of the following events occurs: attainment of age 59½, disability, death or a first-time home purchase. In any of these cases, the earnings withdrawn are tax-free. |
| **Distributions After Age 70½** | Required minimum distributions at the later age of 70½ or separation of service (70½ if 5% owner). May not aggregate total. Each plan separate. | Required minimum distributions. (May remove aggregate total from one account.) | Required minimum distributions at the later age of 70½ or separation of service (70½ if 5% owner). May not aggregate total. Each plan separate. | Required minimum distributions at the later age of 70½ or separation of service (70½ if 5% owner). May not aggregate total. Each plan separate. | Required minimum distributions at the later age of 70½ or separation of service (70½ if 5% owner). May not aggregate total. Each plan separate. | Required minimum distributions at the later age of 70½ or separation of service (70½ if 5% owner). May not aggregate total. Each plan separate. | Yes - Roth 401(k) is subject to minimum required distribution rules. However, prior to age 70½, a participant may avoid the requirement to make lifetime minimum distributions by rolling to a Roth IRA any portion of the Roth 401(k) account that is an eligible rollover distribution. | Required minimum distributions at the later age of 70½ or separation of service (70½ if 5% owner). May not aggregate total. Each plan separate. | No required minimum distributions at any age. |
| **How Are Distributions Taxed?** | Taxed as ordinary income. | Taxed as ordinary income. | Taxed as ordinary income. | Taxed as ordinary income. | Taxed as ordinary income. | Taxed as ordinary income. | Principal and earnings withdrawn are tax-free. | Taxed as ordinary income. | Principal and earnings withdrawn are tax-free. |
| **Eligible Rollovers** | Must have triggering event (*e.g.*, plan termination, death, separation from service, disability or age 59½). | One 60-day rollover per 12-month period. Reported as distribution and returned as a rollover contribution. | Must have triggering event (*e.g.*, plan termination, death, separation from service, disability or age 59½). | May be allowed in accordance with the plan provisions, after a fixed number of years, reaching a stated age, or a distributable event. | Must have triggering event (*e.g.*, plan termination, death, separation from service, disability or age 62). | Must have triggering event (*e.g.*, plan termination, death, separation from service, disability or age 59½). | Must have triggering event (*e.g.*, plan termination, death, separation from service, disability or age 59½). | Must have triggering event (*e.g.*, plan termination, death, separation from service, disability or age 62). | Roth IRA to Roth IRA—rules follow the Traditional IRA rollover rules. |
| **Portability: Rollovers Among Plans** | • Qualified Plan<br>• 403(b) Plan<br>• 457 Governmental Plan<br>• SEP/IRA<br>• IRA | • Qualified Plan<br>• 403(b) Plan<br>• 457 Governmental Plan<br>• SEP/IRA<br>• IRA<br>• Roth IRA[1]<br><br>[1] Only if the taxpayer's AGI for the tax year does not exceed $100,000, and the taxpayer is not married filing separately. | • Qualified Plan<br>• 403(b) Plan<br>• 457 Governmental Plan<br>• SEP/IRA<br>• IRA | • Qualified Plan<br>• 403(b) Plan<br>• 457 Governmental Plan<br>• SEP/IRA<br>• IRA | • Qualified Plan<br>• 403(b) Plan<br>• 457 Governmental Plan<br>• SEP/IRA<br>• IRA | • Qualified Plan<br>• 403(b) Plan<br>• 457 Governmental Plan<br>• SEP/IRA<br>• IRA | • Roth IRA<br>• Roth 403(b)<br>• Roth 401(k) | • Qualified Plan<br>• 403(b) Plan<br>• 457 Governmental Plan<br>• SEP/IRA<br>• IRA | • Roth IRA |
| **Advantages** | Generous contribution limits. Contribution flexibility. Immediate vesting. Simplified plan administration. No annual Dept. of Labor 5500 reporting of plans below $250,000 of assets. Access to loans. Asset consolidation. | Simple to establish and maintain. No annual IRS filing requirements. Contributions deductible for employer. | Contributions deductible for employer. No discrimination testing. Not subject to top heavy rules. Some funding responsibility with employees. Deferral reduces taxable income to employee. | Contributions discretionary. Flexibility in plan design. Loans may be allowed. Contributions, plan expenses may be deductible by employer. Vesting schedules. | Contributions fixed. Plan expenses may be deductible by employer. Vesting schedules. | Flexibility in plan design; loans may be allowed. Contributions, plan expenses may be deductible by employer. Funding responsibility with employees. Deferred amount reduces employee's taxable income. Vesting schedules. | • Tax-free distribution.<br>• No income limits to qualify for a Roth account, unlike a Roth IRA<br>• Higher contribution and catch-up limits than a Roth IRA | Contribution levels may be substantially higher than other types of retirement plans. Favors older, highly compensated employees. Vesting schedules. | Tax-free distribution. |

| Question/Topic | Traditional IRA | SIMPLE IRA | 403(b) Non-ERISA Title I<br>Plans with Only Salary Deferral Contributions | Roth 403(b) Non-ERISA Title I<br>Plans with Only Salary Deferral Contributions | 403(b) ERISA Title I<br>Plans with Employer Contributions | Roth 403(b) ERISA Title I<br>Plans with Employer Contributions | 457(b) Eligible Plan | Roth 457(b) Governmental Eligible Plan | 457(f) Ineligible Plan<br>Plans with Employer Contributions |
|---|---|---|---|---|---|---|---|---|---|
| **Distributions Before Age 59½** | 10% tax penalty unless the distribution is because of death, disability, a qualifying rollover; a direct transfer, the timely withdrawal of an excess contribution, certain qualified medical or educational expenses and a first-time home purchase ($10,000 limit in aggregate to all IRAs). Waived if the distribution is part of a series of substantially equal periodic payments made over the individual's life expectancy. | 10% tax penalty unless the distribution is because of death, disability, a qualifying rollover; a direct transfer, the timely withdrawal of an excess contribution, certain qualified medical or educational expenses and a first-time home purchase ($10,000 limit in aggregate to all IRAs). Waived if the distribution is part of a series of substantially equal periodic payments made over the individual's life expectancy. | 10% tax penalty unless over 55 and separated from service (except if self-employed or more than 10% owner) or death or disability. Distributions are only allowed upon the occurrence of a triggering event. (See "Eligible Rollovers".) | 10% tax penalty unless over 55 and separated from service (except if self-employed or more than 10% owner) or death or disability. Distributions are only allowed upon the occurrence of a triggering event. (See "Eligible Rollovers".) | 10% tax penalty unless over age 55 and separated from service (except if self-employed or more than 10% owner) or death or disability. Distributions are only allowed upon the occurrence of a triggering event. (See "Eligible Rollovers".) | 10% tax penalty unless over age 55 and separated from service (except if self-employed or more than 10% owner) or death or disability. Distributions are only allowed upon the occurrence of a triggering event. (See "Eligible Rollovers".) | Severance from employment, unforeseeable emergencies, small inactive accounts. Also, plan termination and QDROs (if stated in the plan language). No tax penalty applies to any distribution. | Severance from employment, unforeseeable emergencies, small inactive accounts. Also, plan termination and QDROs (if stated in the plan language). No tax penalty applies to any distribution. | Distributions must be made on any monies that become vested. No tax penalty applies to any distribution. |
| **Distributions for Ages 59½ - 70½** | No Tax Penalty | No Tax Penalty | No Tax Penalty | No tax penalty for "qualified distributions." A distribution is qualified if the distribution is made no earlier than 5 years after contributions were made to the Roth account and one of the following events occurs: attainment of age 59½ or older, death, or disability. In any of these cases, the earnings withdrawn are tax-free. | No Tax Penalty | No tax penalty for "qualified distributions." A distribution is qualified if the distribution is made no earlier than 5 years after contributions were made to the Roth account and one of the following events occurs: attainment of age 59½ or older, death, or disability. In any of these cases, the earnings withdrawn are tax-free. | Same as above | Same as above | Same as above |
| **Distributions After Age 70½** | Required minimum distributions as late as April 1 following the year in which the individual reaches age 70½. | Required minimum distributions as late as April 1 following the year in which the individual reaches age 70½. | Required minimum distributions, by April 1 of the calendar year in which the participant becomes age 70½, or the calendar year in which the individual retires. | Yes - Roth 403(b) is subject to minimum required distribution rules. However, prior to age 70½, a participant may avoid the requirement to make lifetime minimum distributions by rolling to a Roth IRA any portion of the Roth 403(b) account that is an eligible rollover distribution. | Required minimum distributions, by April 1 of the calendar year in which the participant becomes age 70½, or the calendar year in which the individual retires. | Yes - Roth 403(b) is subject to minimum required distribution rules. However, prior to age 70½, a participant may avoid the requirement to make lifetime minimum distributions by rolling to a Roth IRA any portion of the Roth 403(b) account that is an eligible rollover distribution. | Required minimum distributions, by April 1 of the calendar year in which the participant becomes age 70½, or the calendar year in which the individual retires. | Yes - Roth 457(b) is subject to minimum required distribution rules. However, prior to age 70½, a participant may avoid the requirement to make lifetime minimum distributions by rolling to a Roth IRA any portion of the Roth 457(b) account that is an eligible rollover distribution. | No required minimum distributions |
| **How Are Distributions Taxed?** | Taxed as ordinary income. | Taxed as ordinary income. | Taxed as ordinary income. | Principal and earnings withdrawn are tax-free. | Taxed as ordinary income. | Principal and earnings withdrawn are tax-free. | Taxed as ordinary income. | Principal and earnings withdrawn are tax-free. | Not allowed |
| **Eligible Rollovers** | Traditional IRA to Traditional IRA. Traditional IRA to Roth IRA; pre-tax dollars are taxed as ordinary income. | Only from one SIMPLE IRA to another SIMPLE IRA, 403(b), 457, SEP/IRA, Roth IRA or a Qualified Plan and Traditional IRA after two years of participation. | Must have triggering event (e.g., plan termination, death, separation from service, disability or age 59½). | Must have triggering event (e.g., plan termination, death, separation from service, disability or age 59½). | Must have triggering event (e.g., plan termination, death, separation from service, disability or age 59½). | Must have triggering event (e.g., plan termination, death, separation from service, disability or age 59½). | Must have triggering event (e.g., plan termination, death, separation from service, or age 70½).<br>Tax-Exempt—No | Must have triggering event (e.g., death, separation from service, disability or age 59½). | Not allowed |
| **Portability: Rollovers Among Plans** | • Qualified Plan<br>• 403(b) Plan<br>• 457 Governmental Plan<br>• SEP/IRA<br>• IRA<br>• Roth IRA[1]<br>[1] Only if the taxpayer's AGI for the tax year does not exceed $100,000, and the taxpayer is not married filing separately. | • Qualified Plan[1]<br>• SIMPLE IRA<br>• 403(b) Plan<br>• 457 Governmental Plan<br>• SEP/IRA<br>• IRA[1]<br>• Roth IRA[2]<br>[1] Only after the individual has participated in the SIMPLE plan for two years<br>[2] Only if the taxpayer's AGI for the tax year does not exceed $100,000, and the taxpayer is not married filing separately. | • Qualified Plan<br>• 403(b) Plan<br>• 457 Governmental Plan<br>• SEP/IRA<br>• IRA | • Roth IRA<br>• Roth 403(b)<br>• Roth 401(k) | • Qualified Plan<br>• 403(b) Plan<br>• 457 Governmental Plan<br>• SEP/IRA<br>• IRA | • Roth IRA<br>• Roth 403(b)<br>• Roth 401(k) | Applies to Governmental 457s only:<br>• Qualified Plan*<br>• 403(b) Plan<br>• 457(b) Governmental Plan<br>• SEP/IRA<br>• IRA (except a SIMPLE IRA)<br>*Except to a SIMPLE 401(k) | • Qualified Plan*<br>• Roth 403(b) Plan<br>• Roth 457(b) Governmental Plan<br>• SEP/IRA<br>• Roth IRA (except a SIMPLE IRA)<br>*Except to a SIMPLE 401(k) | No limit on contributions |
| **Advantages** | Tax-deferred growth. | Employer—contributions are deductible.<br>Employee—tax deferral reduces taxable income. | Deferred amount reduces employee's taxable income. Special elections may further increase the amounts an employee can defer. Earnings are tax-deferred. Contribution limits are greater than IRAs. Loans may be allowed. | • Tax-free distribution<br>• No income limits to qualify for a Roth account, unlike a Roth IRA<br>• Higher contribution and catch-up limits than a Roth IRA | Deferred amount reduces employee's taxable income. Special elections may further increase the amounts an employee can defer. Earnings are tax-deferred. Contribution limits are greater than IRAs. Loans may be allowed. | • Tax-free distribution<br>• No income limits to qualify for a Roth account, unlike a Roth IRA<br>• Higher contribution and catch-up limits than a Roth IRA | If an employer offers a 403(b) or 401(k) plan in addition to the 457(b) plan, an employee can defer the maximum to both plans.<br>Employers may allow contributions for only certain key employees. | • Tax-free distribution<br>• No income limits to qualify for a Roth account, unlike a Roth IRA<br>• Higher contribution and catch-up limits than a Roth IRA | Employers may allow contributions for only certain key employees. |