

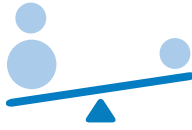
Retirement Reimagined® | 2018–2019

QUICK

REFERENCE

GUIDE for retirement
accounts

ACCOUNT COMPARISON¹



Retirement account comparison

Based on 2018–2019 limits

Question/topic

Traditional IRA

Who can establish?	An individual who has earned income, or a non-working spouse. Must be under age 70½.
Contribution eligibility	Contributions are permitted if the individual has not reached age 70½ by the end of the contribution year.
Tax treatment of contribution	Deduction is available, but may be phased out based on AGI if the individual (or spouse) is covered by an employer retirement plan. Non-deductible contributions are permitted.
Annual contribution limit: Employer	–
Annual contribution limit: Individual	100% of earned income up to \$6,000 for 2019. Individuals 50 and older may contribute up to \$7,000 for 2019.
Are contributions mandatory?	No
When must the plan be established?	By tax-filing date for prior-year contribution.
When must contributions be made?	By tax-filing date for prior-year contribution.
Who directs investments?	Individual
Are mutual funds allowable investments?	Yes
Vesting	Full and immediate
Taxation of distributions	Distributions (deductible contributions and earnings) taxable as ordinary income. If taken prior to age 59½, a 10% additional federal tax will apply (exceptions to additional federal tax may apply).
Required minimum distributions	Required minimum distributions must begin by April 1st of year following the year individual turns age 70½.
Advantages	<ul style="list-style-type: none"> • May reduce current taxable income • Earnings grow tax-deferred • Spouse not participating in an employer's retirement plan at work may make a full deductible contribution even if the other spouse is participating in an employer's retirement plan, as long as combined AGI is \$189,000 for 2018 (\$193,000 for 2019).

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Roth IRA ²	401(k)	SEP
An individual who has earned income, or a non-working spouse, even if over the age of 70½. No contribution permitted if AGI is above certain limits.	Corporations, Subchapter S, Self-Employed, Sole Proprietorships, Partnerships, Non-Profit.	Corporations, Subchapter S, Self-Employed, Sole Proprietorships, Partnerships, Non-Profit (not eligible for salary deferral).
Ability to contribute is phased out based on AGI. Partial contribution is permitted if AGI is \$120,000–\$135,000 (single for 2018) and \$122,000–\$137,000 (single for 2019), \$189,000–\$199,000 (married filing jointly for 2018) and \$193,000–\$203,000 (married filing jointly for 2019). No contribution is permitted if AGI is higher than indicated amounts.	One year of service with employer. At least 21 years of age. Employer may establish less restrictive conditions.	Three years of service with employer (out of the last five years). At least 21 years of age. At least \$600 annual compensation for 2019. Employer may establish less restrictive conditions.
No deduction	Elective and employer contributions are pre-tax and not subject to federal income taxation until withdrawal.	Employer contributions are pre-tax and not subject to federal income taxation until withdrawal.
–	Plan may provide matching or non-elective contributions. Total contributions limited to lesser of \$55,000 for 2018 (\$56,000 for 2019) or 25% of compensation up to \$275,000 for 2018 (\$280,000 for 2019).	Lesser of \$55,000 for 2018 (\$56,000 for 2019), or 25% of compensation/earned income up to \$275,000 for 2018 (\$280,000 for 2019). If self-employed, earned income must be reduced to take contribution into account.
100% of earned income up to \$6,000 for 2019. Individuals 50 and older may contribute up to \$7,000 for 2019. Ability to contribute is phased out based on AGI.	100% of compensation of \$18,500 for 2018 (\$19,000 for 2019). Individuals 50 and older may contribute up to \$24,500 for 2018 (\$25,000 for 2019).	Account can also accept annual Traditional IRA contributions (but deductions subject to phaseout based on AGI).
No	No	No
By tax-filing date for prior-year contribution.	By employer's tax year end.	By employer's tax-filing date, plus extensions.
By tax-filing date for prior-year contribution.	Employer: By employer's tax-filing date, plus extensions. Individual: Payroll contributions are ongoing.	Employer: By employer's tax-filing date, plus extensions. Individual: By tax-filing date for prior-year contribution.
Individual	Employer/Trustee or Individual.	Individual
Yes	Subject to the discretion of Trustee.	Yes
Full and immediate	Employer contribution may be subject to service-based vesting (cliff or graded). Payroll contributions are fully and immediately vested.	Full and immediate
Distributions are tax-free and not subject to 10% additional federal tax if IRA held for at least five years and taken after age 59½. Distributions may be tax-free in certain other circumstances as well. For premature distributions, earnings are taxable as ordinary income and subject to 10% additional federal tax. Post-age 59½ distributions taken before five years are not subject to 10% additional federal tax, but subject to federal income tax (other rules may apply).	Distributions taxable as ordinary income. If taken after separation from service prior to age 55, a 10% additional federal tax will generally apply (exceptions to additional federal tax may apply).	Distributions taxable as ordinary income. If taken prior to age 59½, a 10% additional federal tax will generally apply (exceptions to 10% additional federal tax may apply).
None, until death of IRA owner.	Required minimum distributions must begin by April 1st of year following the year individual turns age 70½. If over 70½ and still working, distributions may be postponed until retirement.	Required minimum distributions must begin by April 1st of year following the year individual turns age 70½.
<ul style="list-style-type: none"> • Earnings grow tax-deferred • Tax-free distributions available • Contributions (excluding earnings) may be withdrawn tax-free and at any time • Earnings may be withdrawn tax-free and after five years and age 59½ • No age limit for contributor 	<ul style="list-style-type: none"> • Contributions deductible for employer • Funding responsibility primarily lies with employee • Payroll contribution reduces employee's taxable income • Flexibility in plan design; loans may be allowed 	<ul style="list-style-type: none"> • Simple to establish and maintain • No annual IRS filing requirements • Contributions deductible for employer • Earnings grow tax-deferred

SIMPLE IRA

403(b)(7)

Employers with no more than 100 employees who do not maintain another retirement plan.	Non-profit organizations exempt under IRC 501(c)(3) (e.g., churches, hospitals, schools).
Individuals who earned \$5,000 in compensation in any two prior years and are expected to earn \$5,000 in current year. Employer may establish less restrictive conditions.	Must be an employee of a 501(c)(3) organization.
Elective and employer contributions are pre-tax and not subject to federal income taxation until withdrawal.	Elective contributions are pre-tax and not subject to federal income taxation until withdrawal.
Plan generally must provide either a dollar-for-dollar match on payroll contributions up to 3% of compensation or a non-elective contribution equal to 2% of compensation up to \$275,000 for 2018 (\$280,000 for 2019).	–
100% of earned income up to \$13,000 for 2019. Individuals 50 and older may contribute up to \$16,000 for 2019.	100% of compensation or \$19,000 for 2019 (\$18,500 for 2018). Individuals 50 and older may contribute up to \$25,000 for 2019 (\$24,500 for 2018). Employees with at least 15 years of service may be eligible to make additional contributions under a separate catch-up rule.
Employer: Yes Individual: No	No
October 1st for existing businesses. As soon as administratively feasible for new businesses established after October 1st.	By employer's tax year end.
Employer: By employer's tax-filing date, plus extensions. Individual: Payroll contributions are ongoing.	Payroll contributions are ongoing.
Individual	Individual
Yes	Yes
Full and immediate	Full and immediate
Distributions taxable as ordinary income. If taken prior to age 59½, a 10% additional federal tax will generally apply. This additional tax is increased to 25% if the distribution is also during the first two years of participation in the SIMPLE IRA plan (exceptions to additional federal tax may apply).	Distributions taxable as ordinary income. If taken after separation from service prior to age 55, a 10% additional federal tax will generally apply (exceptions to additional federal tax may apply).
Required minimum distributions must begin by April 1st of year following the year individual turns age 70½.	Required minimum distributions must begin by April 1st of year following the year individual turns age 70½. If over 70½ and still working, distributions may be postponed until retirement.
<ul style="list-style-type: none">• Contributions deductible for employer• No annual IRS filing requirements• Some funding responsibility with employees• Payroll contribution reduces employee's taxable income• Earnings grow tax-deferred	<ul style="list-style-type: none">• Payroll contribution reduces employee's taxable income• No annual IRS filing requirements if non-ERISA plan• Retirement funding responsibility with employees• Earnings grow tax-deferred

¹ AGI refers to an individual's or married couple's Adjusted Gross Income, subject to modification depending on the type of account, in accordance with federal tax rules.

² Please note that terms and conditions may differ for a Roth IRA Conversion.

TAX INFORMATION

For the 2019 tax year, if your taxable income is ...

	Over (\$)	But not over (\$)	Marginal rate (%)	Standard deduction (\$)
Single	0	9,700	10	12,200
	9,700	39,475	12	
	39,475	84,200	22	
	84,200	160,725	24	
	160,725	204,100	32	
	204,100	510,300	35	
	510,300	–	37	
Married filing jointly	0	19,400	10	24,400
	19,400	78,950	12	
	78,950	168,400	22	
	168,400	321,450	24	
	321,450	408,200	32	
	408,200	612,350	35	
	612,350	–	37	
Head of household	0	13,850	10	18,350
	13,850	52,850	12	
	52,850	84,200	22	
	84,200	160,700	24	
	160,700	204,100	32	
	204,100	510,300	35	
	510,300	–	37	
Married filing separately	0	9,700	10	12,200
	9,700	39,475	12	
	39,475	84,200	22	
	84,200	160,725	24	
	160,725	204,100	32	
	204,100	306,175	35	
	306,175	–	37	
Trusts and estates	0	2,600	10	–
	2,600	9,300	24	
	9,300	12,750	35	
	12,750	–	37	

Qualified plan contribution limits for 2018–2019 (\$)

		2018	2019
401(k), 403(b)(7)	Elective contribution limit	18,500	19,000
	Catch-up contribution limit	6,000	6,000
SIMPLE IRA	Contribution limit	12,500	13,000
	Catch-up contribution limit	3,000	3,000
SEP IRA	Contribution limit lesser of	55,000	56,000
	Contribution limit or 25% of compensation/earned income ³ up to	275,000	280,000
	Minimum compensation to be considered eligible	600	600
Traditional IRA	Single filer contribution limit	5,500	6,000
	Married filing jointly contribution limit	11,000	12,000
	Catch-up contribution limit (age 50 and over)	1,000	1,000
Roth IRA ⁴	Single filer contribution limit	5,500	6,000
	Married filing jointly contribution limit	11,000	12,000
	Catch-up contribution limit (age 50 and over)	1,000	1,000

Source: Internal Revenue Service, Revenue Procedure 2018-211 and IRS Notice 2018-83.

[†] Capital gain and dividend income is subject to an additional 3.8% tax on “net investment income” for taxpayers with modified adjusted gross income over of \$200,000 (single persons)/\$250,000 (married persons filing jointly).

³ If self-employed, earned income must be reduced to take contribution into account.

⁴ Contribution limits for Roth IRA are subject to reduction and may be phased out based on individual’s Adjusted Gross Income (AGI).

Long-term capital gains and qualified dividends[†]

Long-term capital gains and qualified dividends will be taxed at a rate of 0%, 15% or 20% depending on taxable income levels.


28% Capital gain rate on collectibles


Brandywine Global
Clarion Partners
ClearBridge Investments
EnTrustPermal
Martin Currie
QS Investors
RARE Infrastructure
Royce & Associates
Western Asset

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Source: IRS Publication 571, January, 2019; IRS Publication 560, March 12, 2018; IRS Forms 5305-SEP, 5305 SIMPLE and 5304-SIMPLE; IRS Publication 970, January 17, 2019; IRS Publication 590, December 21, 2018; IR-2018-211 (November 1, 2018); IR-Notice 2018-83.

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