

Name _____ Period _____

Types of Retirement Plans

Retirement Plan Name	Characteristics	Individual or Group Sponsored Plan	Eligibility	Maximum Deposit as of 2006	Age to Withdrawal
403 (b)	1.	Group	Employees working for non-profit organizations, some hospitals, public schools and certain tax-exempt organizations	\$12,000 for 2003, \$13,000 for 2004, and \$14,000 for 2005.	59 _ years old TAXES PAID AT WITHDRAWAL
401 (k)	A type of employer-sponsored retirement plan that allows a worker to save for retirement while deferring income taxes on the saved money and earnings until withdrawal. In some cases, employers can opt to match the employees' contribution	2.	The employer decides the eligibility requirements.	The contribution or deferred limits are currently \$12,000 (although this amount changes from year to year) or up to 20-25% of the employee's pre-tax salary	3.
Traditional IRA (Individual Retirement Account)	Tax deductible contributions (depending on income level) Taxes are paid on earnings at the time of withdrawal. Funds can be used to purchase a variety of investments (stocks, bonds, certificates of deposits, etc.)	Individual	4.	\$3,000/year for 2002-2004 \$4,000/year for 2005 \$4,000/year for 2006-2007 \$5,000/year for 2008	Begin at age 59 1/2 and are mandatory by 70 1/2 TAXES PAID AT WITHDRAWAL
SEP IRA	a provision that allows an employer (typically a small business or self-employed individual) to make retirement plan contributions into a Traditional IRA established in the employee's name, instead of to a pension fund account in the company's name				
Simple IRA	5.				
Self-Directed IRA	a self-directed IRA that permits the account holder to make investments on behalf of the retirement plan				
Roth IRA	Established in 1998 and named for its chief legislative sponsor, U.S. Senator William V. Roth Jr. of Delaware, Contributions are not tax deductible All earnings and principal are 100% tax free if rules and regulations are followed Funds can be used to purchase a variety of investments (stocks, bonds, certificates of deposits, etc.)	Individual		\$3,000/year for 2002-2004 \$4,000/year for 2005 \$4,000/year for 2006-2007 \$5,000/year for 2008	6.
Social Security	7.				

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Types of Retirement Plans

Retirement Plan Name	Characteristics	Individual or Group Sponsored Plan	Eligibility	Maximum Deposit as of 2006	Age to Withdrawal
403 (b)	A tax advantaged retirement savings plan available for public education, non-profit organizations, and self-employed misters	Group	Employees working for non-profit organizations, some hospitals, public schools and certain tax-exempt organizations	\$12,000 for 2003, \$13,000 for 2004, and \$14,000 for 2005.	59 _ years old TAXES PAID AT WITHDRAWAL
401 (k)	A type of employer-sponsored retirement plan that allows a worker to save for retirement while deferring income taxes on the saved money and earnings until withdrawal. In some cases, employers can opt to match the employees' contribution	Group	The employer decides the eligibility requirements.	The contribution or deferred limits are currently \$12,000 (although this amount changes from year to year) or up to 20-25% of the employee's pre-tax salary	59 _ years old TAXES PAID AT WITHDRAWAL
Traditional IRA (Individual Retirement Account)	Tax deductible contributions (depending on income level) Taxes are paid on earnings at the time of withdrawal. Funds can be used to purchase a variety of investments (stocks, bonds, certificates of deposits, etc.)	Individual	Sufficient income to make the contribution.	\$3,000/year for 2002-2004 \$4,000/year for 2005 \$4,000/year for 2006-2007 \$5,000/year for 2008	Begin at age 59 1/2 and are mandatory by 70 1/2 TAXES PAID AT WITHDRAWAL
SEP IRA	a provision that allows an employer (typically a small business or self-employed individual) to make retirement plan contributions into a Traditional IRA established in the employee's name, instead of to a pension fund account in the company's name				
Simple IRA	a simplified employee pension plan that allows both employer and employee contributions, similar to a 401(k) plan, but with lower contribution limits and simpler (and thus less costly) administration. Although it is termed an IRA, it is treated separately				
Self-Directed IRA	a self-directed IRA that permits the account holder to make investments on behalf of the retirement plan				
Roth IRA	Established in 1998 and named for its chief legislative sponsor, U.S. Senator William V. Roth Jr. of Delaware, Contributions are not tax deductible All earnings and principal are 100% tax free if rules and regulations are followed Funds can be used to purchase a variety of investments (stocks, bonds, certificates of deposits, etc.)	Individual		\$3,000/year for 2002-2004 \$4,000/year for 2005 \$4,000/year for 2006-2007 \$5,000/year for 2008	59 _ years old TAXES PAID AT DEPOSIT, GROWTH IS NOT TAXED IF RULES AND REGULATIONS ARE FOLLOWED
Social Security	The comprehensive federal program of benefits providing workers and their dependents with retirement income, disability income, and other payments. The Social security tax is used to pay for the program.				

