

# 2009 Plan Comparison

|  | Traditional IRA   | Roth IRA  | SEP   | SIMPLE IRA  | Profit Sharing / Money Purchase   | 403(b)(7)* / Roth 403(b)(7)   | 401(k) / Roth 401(k)   | Safe Harbor 401(k) / Roth Safe Harbor 401(k)   | Individual K / Roth Individual K   |
|--|---|---|---|---|---|---|--|--|--|
| <b>Plan Features</b>                             | Contributions may be tax deductible (if individual falls within income guidelines); Can be used in conjunction with any retirement plan   | Tax-free growth and distributions (provided certain conditions are met); Non-deductible contributions may be made even after age 70½; Can be used in conjunction with any retirement plan   | Employer funded; Easy to establish and maintain; Minimal IRS filings and paperwork; Low cost  | Employee funded; Easy to establish and maintain; No ADP/ACP non-discrimination testing; Mandatory employer contributions; Employer cannot maintain another retirement plan  | Employer funded; Allows restricted coverage; Allows control over when the money will be withdrawn; May allow for loans  | Primarily employee funded; Easy to establish and maintain; Pre-tax contributions may reduce employee's current taxable income; May allow for loans  | Employee funded with possible Employer contribution; Allows restricted coverage; Allows control over when the money will be withdrawn; May allow for loans   | Employee & Employer funded; Allows employers to maximize contributions made by highly compensated employees; Mandatory employer contributions; No ADP/ACP discriminatory testing   | Employee & Employer funded; Allows control over when the money will be withdrawn; May allow for loans; Designed specifically for owner-only businesses   |
| <b>Who May Establish</b>                         | Age Limit: 70½; Income Limit: None  | Age Limit: None; Income Limit: \$120,000 for single & \$176,000 for joint   | Sole proprietors, partnerships, corporations, non-profit, government entities   | Employers with 100 or less employees, including sole proprietors, partnerships, corporations, non-profit and government entities  | Sole proprietors, partnerships, corporations, non-profit, government entities   | Employees of public schools and 501(c)(3) organizations   | Sole proprietors, partnerships, corporations, non-profit   | Sole proprietors, partnerships, corporations, non-profit   | Employer only businesses including sole proprietors, partnerships, corporations, non-profit (May employ spouse)  |
| <b>Establishment Deadline</b>                    | Tax-filing deadline (Generally April 15th)  | Tax-filing deadline (Generally April 15th)  | Tax-filing deadline plus extensions   | October 1st   | Plan year end, usually Dec 31 for calendar-year plans   | Plan year end, usually Dec 31 for calendar-year plans   | Plan year end, usually Dec 31 for calendar-year plans  | October 1st  | Plan year end, usually Dec 31 for calendar-year plans  |
| <b>Contribution Deadline</b>                     | Tax-filing deadline (Generally April 15th)  | Tax-filing deadline (Generally April 15th)  | Tax-filing deadline plus extensions   | Salary deferrals made on each pay period; Employer contributions by tax-filing deadline plus extensions   | Tax-filing deadline plus extensions   | Salary deferrals made on each pay period; Employer contributions by tax-filing deadline plus extensions   | Salary deferrals withheld each pay period. For sole proprietors, when business income is determined; Employer contributions by tax-filing deadline plus extensions   | Salary deferrals withheld each pay period. For sole proprietors, when business income is determined; Employer contributions by tax-filing deadline plus extensions   | Salary deferrals withheld each pay period. For sole proprietors, when business income is determined; Employer contributions by tax-filing deadline plus extensions   |
| <b>Contribution Limit / Requirements</b>         | Annual contributions of up to \$5,000 or 100% of compensation, whichever is less; Catch-up contributions of \$1,000 if age is 50 or older; Non-employed spouses may also contribute up to \$5,000 per year if conditions are met (\$6,000 if over 50) | Annual contributions of up to \$5,000 or 100% of compensation, whichever is less; Catch-up contributions of \$1,000 if age is 50 or older; Non-employed spouses may also contribute up to \$5,000 per year if conditions are met (\$6,000 if over 50) | 25% of compensation up to \$49,000; Approximately 20% for sole proprietors (due to self-employment deduction)   | Employees can defer up to \$11,500; Catch-up contributions of \$2,500 if age 50 or older; Employer must match 3% of deferrals (can be lowered to 1% 2 of every 5 years); OR 2% of compensation as a non-elective contribution   | 25% of compensation up to \$49,000; Approximately 20% for sole proprietors (due to self-employment deduction); PSP contributions are discretionary & MPP contributions are required by percentage specified in plan document  | Employees can defer up to \$16,500; Catch-up contributions of \$5,500 if age 50 or older; Employer contribution of 25% of compensation; Total combined employer and employee contributions cannot exceed \$49,000 (excludes catch-up contribution); Long tenured catch-up contribution for employees of 15 years or greater with same employer  | Employees can defer up to \$16,500; Catch-up contributions of \$5,500 if age 50 or older; Employer contribution of 25% of compensation (approximately 20% for sole proprietors due to self-employment deduction); Total combined employer and employee contributions cannot exceed \$49,000 (excludes catch-up contribution)   | Employees can defer up to \$16,500; Catch-up contributions of \$5,500 if age 50 or older; Typically Employer contributes dollar for dollar on the first 3% and \$.50 on the dollar for the next 2%; Other Employer contribution options are available; Additional non-safe harbor employer contributions are allowed   | Employees can defer up to \$16,500; Catch-up contributions of \$5,500 if age 50 or older; Employer contribution of 25% of compensation (approximately 20% for sole proprietors due to self-employment deduction); Total combined employer and employee contributions cannot exceed \$49,000 (excludes catch-up contribution)   |
| <b>Who Contributes</b>                           | Individual  | Individual  | Employer  | Employee & Employer   | Employer  | Employee & Employer   | Employee & Employer  | Employee & Employer  | Individual   |
| <b>Maximum Employee Eligibility Restrictions</b> | N/A   | N/A   | Age 21 or older, worked 3 of last 5 years and earned at least \$550 in each of those years; May exclude union employees and non-resident aliens   | Earned at least \$5,000 during any 2 prior years and is expected to earn at least \$5,000 in current year; May exclude union employees and non-resident aliens; No age limit restriction  | Age 21 or older, worked one year (or two years if 100% immediate vesting) May exclude employees who work less than 1,000 hours per year, union employees and non-resident aliens  | Generally, all employees  | Age 21 or older, worked one year; May exclude employees who work less than 1,000 hours per year, union employees and non-resident aliens   | Age 21 or older, worked one year; May exclude union employees and non-resident aliens; May not exclude employees due to minimum hours or last day rules  | Age 21 or older, worked one year; May exclude employees who work less than 1,000 hours per year, union employees and non-resident aliens   |
| <b>Vesting</b>                                   | 100%  | 100%  | 100%  | 100% for both employee and employer contributions   | Vesting schedule allowed  | Vesting schedule allowed and generally 100%   | 100% for employee contributions; vesting schedule allowed for employer contributions   | 100% for both employee and employer contributions; Vesting schedule allowed for any employer contributions made in addition to mandatory safe harbor contributions   | Vesting schedule allowed but generally not used  |
| <b>Distributions</b>                             | Distributions taken prior to age 59½ may be subject to a 10% penalty tax, in addition to ordinary income tax; No minimum distributions are required at 70½ during 2009;** Exceptions to 10% penalty may apply   | No minimum distributions required at age 70½ unless certain criteria is met, Roth IRA owner must be 59½ or older and have held the IRA for five years before tax-free withdrawals are permitted   | Distributions taken prior to age 59½ may be subject to a 10% penalty tax, in addition to ordinary income tax; No minimum distributions are required at 70½ during 2009;** Exceptions to 10% penalty may apply | Distributions taken prior to age 59½ may be subject to 10% penalty tax, in addition to ordinary income tax (25% penalty applies if distribution is within 2 years of participation; No minimum distributions are required at 70½ during 2009;** Exceptions to 10% penalty may apply | Distributions can only be taken with a triggering event such as: death, permanent disability, attainment of plan's normal retirement age, separation from service, plan termination; Any distributions taken prior to age 59½ (age 55 if separated from service), may be subject to 10% penalty tax, in addition to ordinary income tax; No minimum distributions are required at 70½ during 2009** | Distributions can only be taken with a triggering event such as: death, permanent disability, attainment of 59½, separation from service, plan termination or hardship; Any distributions taken prior to age 59½ (age 55 if separated from service) may be subject to a 10% penalty tax, in addition to ordinary income tax; No minimum distributions are required at 70½ during 2009** | Distributions can only be taken with a triggering event such as: death, permanent disability, attainment of plan's normal retirement age, separation from service or plan termination; Any distributions taken prior to age 59½ (age 55 if separated from service) may be subject to a 10% penalty tax, in addition to ordinary income tax; No minimum distributions are required at 70½ during 2009** | Distributions can only be taken with a triggering event such as: death, permanent disability, attainment of plan's normal retirement age, separation from service or plan termination; Any distributions taken prior to age 59½ (age 55 if separated from service) may be subject to a 10% penalty tax, in addition to ordinary income tax; No minimum distributions are required at 70½ during 2009** | Distributions can only be taken with a triggering event such as: death, permanent disability, attainment of plan's normal retirement age, separation from service or plan termination; Any distributions taken prior to age 59½ (age 55 if separated from service) may be subject to a 10% penalty tax, in addition to ordinary income tax; No minimum distributions are required at 70½ during 2009** |
| <b>Loan Features</b>                             | Not available   | Not available   | Not available   | Not available   | Allowed   | Allowed   | Allowed  | Allowed  | Allowed  |
| <b>Plan Administration</b>                       | None  | None  | None  | None  | IRS form 5500 and other ERISA requirements***   | IRS form 5500 and other ERISA requirements if subject to ERISA***   | IRS form 5500 and other ERISA requirements***  | IRS form 5500 and other ERISA requirements***  | IRS 5500 EZ when plan assets reach \$250,000 for plan years with fewer than 25 participants.   |

*\*Employer may make matching or discretionary contributions within an ERISA 403(b); ERISA 403(b) is subjected to ERISA requirements. \*\*Per the Worker, Retiree and Employer Recovery Act of 2008. \*\*\*Owner only plans are not required to file IRS 5500 until assets reach \$250,000. LPL Financial does not provide tax advice. Please consult your tax advisor.*

# RETIREMENT PLAN PORTABILITY

|                                |  | RECEIVING PLAN            |  |                      |                      |                                   |                                   |                       |                                   |                       |                       |                       |
|--------------------------------|--|---------------------------|--|----------------------|----------------------|-----------------------------------|-----------------------------------|-----------------------|-----------------------------------|-----------------------|-----------------------|-----------------------|
| DELIVERING PLAN                | FROM \ TO                                      | IRA (Traditional Spousal) | Roth IRA                                       | SEP IRA              | SIMPLE IRA           | Coverdell ESA                     | Qualified Plans <sup>3</sup>      | Roth 401(k)           | 403(b)                            | Roth 403(b)           | SIMPLE 401(k)         | Government 457 Plan   |
|                                | IRA (Traditional Spousal) <sup>1</sup>         | Transfer or Rollover      | Conversion                                     | Transfer or Rollover | NO                   | NO                                | Rollover                          | NO                    | Rollover                          | NO                    | Rollover              | Rollover              |
| Roth IRA                       | Recharacterization                             | Transfer or Rollover      | Recharacterization                             | NO                   | NO                   | NO                                | NO                                | NO                    | NO                                | NO                    | NO                    | NO                    |
| SEP IRA                        | Transfer or Rollover                           | Conversion                | Transfer or Rollover                           | NO                   | NO                   | Rollover                          | NO                                | Rollover              | NO                                | Rollover              | Rollover              | Rollover              |
| SIMPLE IRA                     | Transfer <sup>2</sup> or Rollover <sup>2</sup> | Conversion                | Transfer <sup>2</sup> or Rollover <sup>2</sup> | Transfer or Rollover | NO                   | Rollover <sup>2</sup>             | NO                                | Rollover <sup>2</sup> | NO                                | Rollover <sup>2</sup> | Rollover <sup>2</sup> | Rollover <sup>2</sup> |
| Coverdell ESA                  | NO   | NO                        | NO   | NO                   | Transfer or Rollover | NO                                | NO                                | NO                    | NO                                | NO                    | NO                    | NO                    |
| Qualified Plans <sup>3,1</sup> | Rollover                                       | Conversion                | Rollover                                       | NO                   | NO                   | Transfer <sup>4</sup> or Rollover | NO                                | Rollover              | NO                                | Rollover              | Rollover              | Rollover              |
| Roth 401(k)                    | NO   | Rollover                  | NO   | NO                   | NO                   | NO                                | Transfer <sup>4</sup> or Rollover | NO                    | Rollover                          | NO                    | NO                    | NO                    |
| 403(b)                         | Rollover                                       | Conversion                | Rollover                                       | NO                   | NO                   | Rollover                          | NO                                | Transfer or Rollover  | NO                                | Rollover              | Rollover              | Rollover              |
| Roth 403(b)                    | NO   | Rollover                  | NO   | NO                   | NO                   | NO                                | Rollover                          | NO                    | Transfer <sup>4</sup> or Rollover | NO                    | NO                    | NO                    |
| SIMPLE 401(k)                  | Rollover                                       | Conversion                | Rollover                                       | NO                   | NO                   | Rollover                          | NO                                | Rollover              | NO                                | Rollover              | Rollover              | Rollover              |
| Government 457 Plan            | Rollover                                       | Conversion                | Rollover                                       | NO                   | NO                   | Rollover                          | NO                                | Rollover              | NO                                | NO                    | Transfer or Rollover  | Transfer or Rollover  |

- After tax contributions require special consideration. Client should consult with a tax advisor for portability guidelines.
- Available only after the individual has been a SIMPLE plan participant for over two years.
- Qualified Plans include: Profit Sharing, Money Purchase, Defined Benefit, ESOP, Target Benefit and 401(k) plans.

- Only a plan merger could be done as a transfer. All other movement would need to be done as a rollover.
- Owner only plans are not required to file IRS 5500 until assets reach \$250,000. LPL Financial does not provide tax advice. Please consult your tax advisor.

| ANNUAL CONTRIBUTION LIMITS  | 2008                  | 2009                  |
|---|-----------------------|-----------------------|
| Traditional IRA, Roth IRA, Spousal, Guardian  | \$5,000               | \$5,000               |
| Traditional, Roth, Spousal IRA Catch-up Contribution                                | \$1,000               | \$1,000               |
| Coverdell ESA (per beneficiary)   | \$2,000               | \$2,000               |
| Employer Deduction Limit (SEP, MPP, PSP, 401(k)) <sup>5</sup>                       | 25% aggregate comp    | 25% aggregate comp    |
| Elective deferral (402(g) limit): 401(k), SARSEP, 457 and 403(b)                    | \$15,500              | \$16,500              |
| Defined Contribution 415 Limit (the lesser of)                                      | 100% comp or \$46,000 | 100% comp or \$49,000 |
| Salary Deferral Catch-up Limit (does not count against 415 Limits in a 401(k) plan) | \$5,000               | \$5,500               |
| SIMPLE Plan deferral  | \$10,500              | \$11,500              |
| SIMPLE IRA Catch-up Limit   | \$2,500               | \$2,500               |
| Defined Benefit 415 Limit   | \$185,000             | \$195,000             |
| Annual Compensation Cap   | \$230,000             | \$245,000             |
| SEP Participation Compensation  | \$500                 | \$550                 |
| Highly Compensated Employee (HCE)   | \$105,000             | \$110,000             |
| Key Employee Officer Definition   | \$150,000             | \$160,000             |
| Social Security Taxable Wage Base   | \$102,000             | \$106,800             |

## TAX DEDUCTIBILITY OF IRA CONTRIBUTIONS (TAX YEAR 2008) FOR PARTICIPANTS IN EMPLOYER-SPONSORED RETIREMENT PLANS

- IRA contributions are fully deductible if neither you nor your spouse participate in an employer-sponsored retirement plan such as 401(k), 403(b), or pension plan.
- Deductibility is limited** if you or your spouse participate in an employer-sponsored retirement plan. Refer to the chart below to figure your deduction.

| Modified Adjusted Gross Income |                        |                          |                           | Maximum 2009 Deduction for Those Under Age 50 | Maximum 2009 Deduction for Those Age 50 and Older |
|--------------------------------|------------------------|--------------------------|---------------------------|---|---|
| Single Filers                  | Married Filing Jointly |                          | Married Filing Separately |   |   |
|                                | You Participate        | Only Spouse Participates |                           |   |   |
| \$55,000 & under               | \$89,000 & under       | \$166,000 & under        | \$0                       | \$5,000                                       | \$6,000   |
| \$56,000                       | \$91,000               | \$167,000                | \$1,000                   | \$4,500                                       | \$5,400   |
| \$57,000                       | \$93,000               | \$168,000                | \$2,000                   | \$4,000                                       | \$4,800   |
| \$58,000                       | \$95,000               | \$169,000                | \$3,000                   | \$3,500                                       | \$4,200   |
| \$59,000                       | \$97,000               | \$170,000                | \$4,000                   | \$3,000                                       | \$3,600   |
| \$60,000                       | \$99,000               | \$171,000                | \$5,000                   | \$2,500                                       | \$3,000   |
| \$61,000                       | \$101,000              | \$172,000                | \$6,000                   | \$2,000                                       | \$2,400   |
| \$62,000                       | \$103,000              | \$173,000                | \$7,000                   | \$1,500                                       | \$1,800   |
| \$63,000                       | \$105,000              | \$174,000                | \$8,000                   | \$1,000                                       | \$1,200   |
| \$64,000                       | \$107,000              | \$175,000                | \$9,000                   | \$500   | \$600   |
| \$65,000 & over                | \$109,000 & over       | \$176,000 & over         | \$10,000 & over           | \$0   | \$0   |

This chart is designed to give you a basic overview of IRA Deductions. LPL Financial recommends you consult with a qualified tax advisor before making IRA decisions.

## PORTABILITY DEFINITIONS



Member FINRA/SIPC  
RET-04045-1108 Tracking# 502955 (exp. 01/11)

### Transfer

- Movement of assets from one account to another in which both accounts are considered like-plans. This type of transaction does not generate any tax reporting to the IRS and is therefore non-taxable. If the assets are changing custodian, the receiving custodian will need to sign a letter of acceptance accepting custodial responsibility of the account.
- To request a Transfer into LPL Financial, complete Customer Account Transfer form F2.
- To request a Transfer out of LPL Financial, complete the receiving firm's Transfer form.

### Rollover

- Movement of assets from one account to another. This type of transaction generates a 1099R on the delivering side and a 5498 on the receiving side. The event may be non-taxable if it is done properly and within 60 days.
- To receive a Rollover into LPL Financial, complete a Contribution Instructions Form (FR140 or FR141).
- To request a Rollover out of LPL Financial, complete a Distribution Request Form (FR120, FR123 or FR124).

### Conversion

- Movement of assets from an eligible qualified plan or IRA to a Roth IRA. This type of transaction generates a 1099R on the delivering side and a 5498 on the receiving side. This is a taxable event and only eligible to individuals with \$100,000.00 or less in modified adjusted growth income.
- To request a Conversion between LPL Financial accounts complete Contribution Instructions - Roth Conversion (FR144). Note: Conversions at LPL Financial can only be made from a Traditional IRA to Roth IRA at this time.

### Recharacterization

- Movement of assets from one account into another account to undo a previous transaction. This transaction is most common from a Roth IRA to an eligible IRA to undo a Roth Conversion. The transaction will generate a 1099R on the delivering side and a 5498 on the receiving side.
- To request a Recharacterization between LPL Financial accounts complete a Contribution Instructions/Recharacterization Form (FR145).