

# 2023 Retirement Plans Quick Reference Guide

This guide contains information on a wide variety of tax-qualified retirement solutions for both individuals and employers. A Morgan Stanley Financial Advisor or Private Wealth Advisor can help you understand the features and benefits of the options that are available to you.

## Account Contributions and Accessibility

QUESTION/TOPIC	ROTH IRA	TRADITIONAL IRA	SEP & SAR-SEP IRA	SIMPLE IRA	SIMPLE 401(k)	PROFIT SHARING & MONEY PURCHASE	401(k) <sup>1</sup>	DEFINED BENEFIT
<b>Annual deductible contribution limit: Employer (as of 1/1/23)</b>	n/a	n/a	25% of compensation or \$66,000, whichever is less, for incorporated businesses; lesser of 20% of net earnings from self-employment or \$66,000 for self-employed business owners/partners. Subject to \$330,000 cap on compensation/net earnings.	Match deferrals dollar-for-dollar up to 3% (lesser percentage may be elected under certain circumstances) of employee compensation or net earnings from self-employment or 2% nonelective contribution (subject to \$330,000 cap on compensation/net earnings for 2% contribution only).	Match deferrals dollar-for-dollar up to 3% of employee compensation or net earnings from self-employment or 2% nonelective contribution (subject to \$330,000 cap on compensation/net earnings).	25% of compensation or \$66,000 whichever is less for incorporated businesses; lesser of 20% of net earnings from self-employment or \$66,000 for self-employed business owners/partners. Subject to \$330,000 cap on compensation/net earnings.	25% of compensation or \$66,000 whichever is less for incorporated businesses; lesser of 20% of net earnings from self-employment or \$66,000 for self-employed business owners/partners. Elective 401(k) contributions are not taken into account for percentage calculations. Subject to \$330,000 cap on compensation/net earnings.	Complex limits apply, which take into account actuarial assumptions (e.g., age, compensation, etc.). Subject to \$330,000 cap on compensation/net earnings.
<b>Annual contribution limit: Individual (as of 1/1/23)</b>	100% of earned income up to \$6,500. Individuals 50 and older may contribute up to \$7,500.		SEP: Employer funded only. SAR-SEP: Salary deferrals of 25% or \$22,500, whichever is less; individuals 50 and older may contribute up to \$30,000 (salary deferrals available under grandfathered plans only).	Salary deferral contributions of 100% of earned income up to \$15,500. Individuals 50 and older may contribute up to \$19,000. No Traditional or Roth IRA contributions permitted into SIMPLE IRA accounts.	Salary deferral contributions of 100% of earned income up to \$15,500. Individuals 50 and older may contribute up to \$19,000.	No pre-tax employee contributions. Individuals may receive up to 100% of compensation or \$66,000, whichever is less. Other limits may apply.	Salary deferral contributions of 100% of earned income up to \$22,500. Individuals 50 and older may contribute up to \$30,000.	No pre-tax employee contributions to traditional defined benefit plans. (After-tax contributions may be permitted.) Certain limits may apply.
<b>Are contributions mandatory?</b>	No			Employer: Yes Employee: No		Profit Sharing: No Money Purchase: Yes	No	Yes
<b>Establishment deadline</b>	By tax filing date (4/15/23) for prior year contribution. No extensions permitted.		SEP: By tax filing date, plus extensions. SAR-SEP: No new SAR-SEP plans may be established. However, new employee accounts can be added to existing plans.	Oct. 1 of the current year for a current year plan for existing businesses. As soon as administratively feasible for businesses established after Oct. 1.		For plans adopted for taxable years beginning after December 31, 2019, by the employer's tax filing date, plus extensions. Note, however, the employer's ability to adopt a qualified retirement plan after the end of its tax year does not override other rules and requirements that may apply to such plan (e.g., requirements related to elective deferrals under a 401(k) plan <sup>2</sup> ).		
<b>Contribution deadline</b>	By tax filing date (4/15/23) for prior year contribution. No extensions permitted.		Employer—by tax filing date, plus extensions. Employee <sup>2</sup> —the earliest date on which the deferral amount can be reasonably segregated from the employer/plan sponsor's general assets, but no later than the 15th business day of the month following the month in which the compensation was deferred. By (4/15/23) for prior year annual IRA contribution.	Employer—by tax filing date, plus extensions. Employee <sup>2</sup> —the earliest date on which the deferral amount can be reasonably segregated from the employer/plan sponsor's general assets, but no later than the 15th business day (for SIMPLE 401(k)s) or the 30th calendar day (for SIMPLE IRAs) of the month following the month in which the compensation was deferred.		By tax filing date, plus extensions.	Employer—by tax filing date, plus extensions. Employee <sup>2</sup> —the earliest date on which the deferral amount can be reasonably segregated from the employer/plan sponsor's general assets, but no later than the 15th business day of the month following the month in which the compensation was deferred.	By tax filing date, plus extensions.
<b>Form of contributions</b>	Cash only					Profit Sharing: Cash/Securities (special rules apply) Money Purchase: Cash Only	Cash/Securities (special rules apply)	Cash only
<b>Who directs investments?</b>	Individual				Employer/Trustee or Individual			Employer/Trustee
<b>Allowable investments</b>	Please refer to your retirement plan document for information about allowable investments in your specific plan. Your Financial Advisor or Private Wealth Advisor can help you choose specific investments appropriate for meeting your goals.							
<b>Can loans be made available?</b>	No				Yes (if permitted under the terms of the plan)			
<b>Vesting</b>	Full and immediate.					Deferred vesting for up to six years of service.	Full and immediate vesting for employee salary deferrals and earnings. Benefits attributable to employer contributions can be subject to deferred vesting for up to six years of service.	Deferred vesting for up to seven years of service.
<b>Taxation of distributions<sup>3,4</sup></b>								
Before Age 59½	Contributions may be withdrawn tax-free at any time. Earnings are subject to ordinary income tax plus 10% early withdrawal penalty tax. Exceptions may apply.	Ordinary income tax plus 10% early withdrawal penalty tax. Exceptions to 10% penalty tax may apply.		Ordinary income tax plus 25% early withdrawal penalty tax within first two years of participation, 10% thereafter. Exceptions to penalty tax may apply.		Ordinary income tax plus 10% early withdrawal penalty tax. Exceptions to 10% penalty tax may apply.		
After Age 59½	Contributions may be withdrawn tax-free at any time. Earnings are tax-free if withdrawn after the 5-tax-year holding period <sup>5</sup>	Ordinary income tax. No penalty tax.						
Beneficiaries (At Any Age)	Distributions may be tax-free if withdrawn after the deceased IRA owner's 5-tax-year holding period <sup>5</sup>	Distributions may be subject to ordinary income tax, but no penalty tax.				n/a		
At Any Age	n/a				A lump-sum distribution may be eligible for favorable tax treatment under limited circumstances. Qualifying employer securities may be eligible for Net Unrealized Appreciation.			

QUESTION/TOPIC	ROTH IRA	TRADITIONAL IRA	SEP & SAR-SEP IRA	SIMPLE IRA	SIMPLE 401(k)	PROFIT SHARING & MONEY PURCHASE	401(k) <sup>1</sup>	DEFINED BENEFIT
<b>Required Minimum Distributions (RMDs)</b>	None for original account owner. RMD rules generally apply to beneficiaries of Roth IRAs after the account owner's death.	IRA owners must take an RMD each year, starting with the year in which they attain age 70½ (if born before July 1, 1949), age 72 (if born after June 30, 1949 but before 1951), age 73 (if born after 1950, but before 1960) or age 75 (for all others). (RMD Age). The first distribution may be postponed to 4/1 of the following year. <sup>6</sup> (An individual with multiple IRAs may typically take the total RMD amount from any IRA(s), subject to certain limitations.) RMD rules generally apply to beneficiaries after the account owner's death.					May not aggregate RMD amounts from multiple plans. RMD from each plan must be distributed from each respective plan. Generally not required if still working and less than 5% owner of the business.	
<b>Transfers</b>	No limit on qualifying transfers between IRAs (subject to certain conditions).				Employer may transfer plan to like account. Employee may not transfer assets from plan during employment.			
<b>Rollovers</b>	Must be eligible for rollover (e.g., not an RMD or a distribution from an inherited IRA) and, for IRA-to-IRA rollovers, does not violate the 1-year waiting period rule.				Must have triggering event (e.g., plan termination, death, severance from employment, disability) and be an eligible rollover distribution (as defined under the federal tax rules) to roll into an IRA or other retirement plan.			

## Plan Features and Account Establishment

Features	ROTH IRA	TRADITIONAL IRA	SEP & SAR-SEP IRA	SIMPLE IRA	SIMPLE 401(k)	PROFIT SHARING & MONEY PURCHASE	401(k) <sup>1</sup>	DEFINED BENEFIT
<b>Features</b>	<ul style="list-style-type: none"> <li>Earnings grow tax-deferred.</li> <li>Contributions may be withdrawn tax-free at any time.</li> <li>Tax-free distributions of earnings may be available if certain conditions are met.</li> <li>No age limit for contributions.</li> <li>Contributions are not deductible.</li> </ul>	<ul style="list-style-type: none"> <li>Earnings grow tax-deferred.</li> <li>Contributions may be deductible for individual.</li> <li>No age limit for contributions.</li> </ul>	<ul style="list-style-type: none"> <li>Earnings grow tax-deferred.</li> <li>Simple to establish and maintain.</li> <li>May be no annual IRS filing requirements for employer.</li> <li>Contributions may be deductible for employer.</li> <li>Deferred amount can reduce employee's taxable income (SAR-SEP).</li> </ul>	<ul style="list-style-type: none"> <li>Earnings grow tax-deferred.</li> <li>Contributions may be deductible for employer.</li> <li>No annual IRS filing requirements for employer.</li> <li>Some funding responsibility with employees.</li> <li>Deferred amount can reduce employee's taxable income.</li> </ul>	<ul style="list-style-type: none"> <li>Earnings grow tax-deferred.</li> <li>Contributions may be deductible for employer.</li> <li>No discrimination testing.</li> <li>Not subject to top-heavy rules.</li> <li>Some funding responsibility with employees.</li> <li>Deferred amount can reduce employee's taxable income.</li> </ul>	<ul style="list-style-type: none"> <li>Earnings grow tax-deferred.</li> <li>Flexibility in plan design.</li> <li>Contributions may be deductible for employer.</li> <li>Vesting schedules.</li> <li>Profit Sharing: Discretionary contributions.</li> <li>Money Purchase: Mandatory contributions.</li> </ul>	<ul style="list-style-type: none"> <li>Earnings grow tax-deferred.</li> <li>Flexibility in plan design.</li> <li>Contributions may be deductible for employer.</li> <li>Funding responsibility can lie with employees.</li> <li>Deferred amount can reduce employee's taxable income.</li> </ul>	<ul style="list-style-type: none"> <li>Earnings grow tax-deferred.</li> <li>Contributions may be deductible for employer.</li> <li>Contribution levels may be substantially higher than other types of retirement plans.</li> <li>Favors older, more highly compensated employees.</li> <li>Vesting schedules.</li> </ul>
<b>Who may establish?</b>	In general, an individual who has earned income or whose spouse has earned income, regardless of age. <b>Note:</b> Subject to certain requirements, an individual can establish a Roth IRA with a rollover or conversion from an eligible retirement plan (including an IRA), or a transfer from another IRA even if the individual doesn't satisfy the above requirements.	In general, an individual who has earned income or whose spouse has earned income. <b>Note:</b> Subject to certain requirements, an individual can establish an IRA with a rollover from an eligible retirement plan or a transfer from another IRA even if the individual doesn't satisfy the above requirements.	Corporations, Subchapter S, Self-Employed, Sole Proprietorships, Partnerships, Nonprofits. (Nonprofits are not eligible for Salary Deferral.) SAR-SEP: Plan must have been adopted prior to 01/01/97. However, new employee accounts can be added to existing plans.	Employers (a) with no more than 100 employees earning \$5,000 or more from the Employer during the preceding year, and (b) who do not maintain another retirement plan (subject to certain limited exceptions).	Employers with no more than 100 employees who do not maintain another retirement plan (subject to certain limited exceptions).	Corporations, Subchapter S, Self-Employed, Sole Proprietorships, Partnerships, Nonprofits.	Corporations, Subchapter S, Self-Employed, Sole Proprietorships, Partnerships, Nonprofits.	Corporations, Subchapter S, Self-Employed, Sole Proprietorships, Partnerships, Nonprofits.
<b>Contribution eligibility</b>  <i>Consult your Financial Advisor, Tax Advisor or Plan Administrator for additional contribution and deductibility provisions.</i>	<b>Earned income, plus Single Filer, and MAGI<sup>7</sup> is:</b> ≤ <b>\$138,000</b> : Full contribution > <b>\$138,000, but</b> ≤ <b>\$153,000</b> : Partial contribution ≥ <b>\$153,000</b> : No contribution <b>Joint Filer, and MAGI<sup>7</sup> is:</b> ≤ <b>\$218,000</b> : Full contribution > <b>\$218,000, but</b> ≤ <b>\$228,000</b> : Partial contribution ≥ <b>\$228,000</b> : No contribution <b>Married Filing Separately, and MAGI<sup>7</sup> is:</b> > <b>\$0, but</b> < <b>\$10,000</b> : Partial contribution ≥ <b>\$10,000</b> : No contribution	<b>Earned income.</b> IRA contribution deduction may be limited if an active participant in a retirement plan at work <sup>8</sup> and <b>Single Filer, and MAGI<sup>9</sup> is:</b> ≤ <b>\$73,000</b> : Full deduction > <b>\$73,000, but</b> < <b>\$83,000</b> : Partial deduction ≥ <b>\$83,000</b> : No deduction <b>Joint Filer, and MAGI<sup>9</sup> is:</b> ≤ <b>\$116,000</b> : Full deduction > <b>\$116,000, but</b> < <b>\$136,000</b> : Partial deduction ≥ <b>\$136,000</b> : No deduction <b>Married Filing Separately, and MAGI<sup>9</sup> is:</b> > <b>\$0, but</b> < <b>\$10,000</b> : Partial deduction ≥ <b>\$10,000</b> : No deduction	Performed service for the employer in three out of five preceding plan years. At least 21 years of age. \$750 annual compensation. <sup>10</sup>	Individuals who earned \$5,000 in compensation in any two preceding calendar years and are expected to earn \$5,000 in current year. <sup>10</sup>	Employee is at least 21 years of age. For plan years beginning before January 1, 2021, employee completed one year of service with the employer with at least 1,000 hours of service.  For plan years beginning after December 31, 2020, employee completed either (a) one year of service with the employer with at least 1,000 hours per year; or (b) three consecutive years of service with the employer with at least 500 hours of service per year (note: 12 month periods beginning before January 1, 2021 are not taken into account).  Note, however, certain collectively bargained plans will continue to be subject to the rules in effect prior to January 1, 2021 (i.e., one year of service with employer with at least 1,000 hours of service). <sup>10</sup>	One year of service with employer (or two years if plan provides for immediate vesting). 1,000 hours per year. At least 21 years of age. <sup>10</sup>	Employee is at least 21 years of age. For plan years beginning before January 1, 2021, employee completed one year of service with the employer with at least 1,000 hours of service.  For plan years beginning after December 31, 2020, employee completed either (a) one year of service with the employer with at least 1,000 hours per year; or (b) three consecutive years of service with the employer with at least 500 hours of service per year (note: 12 month periods beginning before January 1, 2021 are not taken into account).  Note, however, certain collectively bargained plans will continue to be subject to the rules in effect prior to January 1, 2021 (i.e., one year of service with employer with at least 1,000 hours of service). <sup>10</sup>	One year of service with employer (or two years if plan provides for immediate vesting). 1,000 hours per year. At least 21 years of age. <sup>10</sup>

### MAGI = Modified Adjusted Gross Income

<sup>1</sup> An employer may also choose to adopt a safe harbor 401(k) plan, which allows the employer to avoid performing nondiscrimination testing of elective contributions and matching contributions, provided certain requirements are met (including, for example, certain employer contribution requirements and 100% immediate vesting for such employer contributions). Please consult with your own legal and tax advisor for more information on safe harbor 401(k) plans.

<sup>2</sup> The employee/participant's salary deferral contribution election must be made before the compensation is considered available and, for a self-employed individual (including a partner in a partnership), the election must be made by the last day of the individual's tax year or, if the individual is a partner in a partnership, the last day of the partnership's tax year. Certain sole proprietors may have additional time to make their election for the first plan year. Determining the salary deferral contribution deadline for self-employed individuals (including partners in a partnership) is complex and will generally depend on the date the deferral amount can be reasonably segregated from the plan sponsor's general assets and/or would have otherwise been paid/distributed to such individual. Client's should consult with their own legal and/or tax advisor.

<sup>3</sup> Before taking any distributions from your retirement account, check with your Tax Advisor for additional information about taxes or penalties that may or may not apply to you.

<sup>4</sup> Distributions from Roth IRAs are considered to come from contributions first, followed by converted funds and then earnings.

<sup>5</sup> The 5-tax-year holding period begins the first day of the first year for which a regular contribution (or in which a rollover or conversion contribution) is made to any Roth IRA established for the individual as owner.

<sup>6</sup> Note: However, if you choose this option, you will have to take two RMDs in one year.

<sup>7</sup> Source: www.irs.gov.

<sup>8</sup> A deductible IRA contribution is available to a spouse not covered by an employer plan who (a) files a joint return with someone who is, if MAGI is less than \$228,000 or (b) is married to someone who is, but files a separate return if MAGI is less than \$10,000. Source: www.irs.gov.

<sup>9</sup> Source: www.irs.gov.

<sup>10</sup> Maximum restrictions; less restrictive eligibility requirements may be selected by the employer. Certain employees may be excluded even if they satisfy the eligibility requirements described above (e.g., certain nonresident aliens).

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