

# Retirement and Tax Planning Guide for 2023 and 2022



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This brochure has been updated to reflect certain provisions of the Setting Every Community Up for Retirement Enhancement Act of 2022 (SECURE 2.0) which became effective January 1, 2023. Updated provisions are denoted with an asterisk [\*] throughout.

# Retirement Limits Summary

	2023	2022
<b>Traditional and Roth Individual Retirement Accounts (IRA)<sup>1</sup></b>		
IRA contribution maximum	\$6,500	\$6,000
IRA catch-up contribution at age 50 <sup>2</sup>	\$1,000	\$1,000
<b>Simplified Employee Pension (SEP IRA)</b>		
Maximum employer contribution for participant	\$66,000	\$61,000
Minimum compensation for plan participation	\$750	\$650
<b>Savings Incentive Match Plan for Employees (SIMPLE)</b>		
Participant contribution maximum	\$15,500	\$14,000
Participant catch-up contribution at age 50 <sup>2</sup>	\$3,500	\$3,000
<b>401(k), 403(b), 457(b), Profit-Sharing Plans, etc.</b>		
Participant contribution maximum	\$22,500	\$20,500
Participant catch-up contribution at age 50 <sup>2</sup>	\$7,500	\$6,500
Overall contribution maximum	\$66,000	\$61,000
<b>Other</b>		
Maximum eligible employee compensation	\$330,000	\$305,000
Definition of Key Employee	\$215,000	\$200,000
Definition of Highly Compensated Employee	\$150,000	\$135,000
Defined Benefit	\$265,000	\$245,000
Social Security taxable wage base	\$160,200	\$147,000

1. IRA Contributions for 2022 can be made up until April 18, 2023.

2. The catch-up amount indicated is in addition to the maximum contribution amount indicated.

# Individual Retirement Accounts

## Traditional IRA — Maximum Deductible Contribution

For individuals covered by an employer-sponsored plan<sup>1</sup>

	2023			2022		
	Modified AGI <sup>2</sup>	Younger than 50	50 or Older	Modified AGI <sup>2</sup>	Younger than 50	50 or Older
Single	\$0 – \$73,000	\$6,500	\$7,500	\$68,000 or less	\$6,000	\$7,000
	More than \$73,000, but less than \$83,000	Partial deduction	Partial deduction	More than \$68,000, but less than \$78,000	Partial deduction	Partial deduction
	\$83,000 or more	None	None	\$78,000 +	None	None
Married (Filing Jointly)	\$0 – \$116,000	\$6,500	\$7,500	\$109,000 or less	\$6,000	\$7,000
	More than \$116,000, but less than \$136,000	Partial deduction	Partial deduction	More than \$109,000, but less than \$129,000	Partial deduction	Partial deduction
	\$136,000 or more	None	None	\$129,000 +	None	None

## Roth IRA — Maximum Contribution

	2023			2022		
	Modified AGI <sup>2</sup>	Younger than 50	50 or Older	Modified AGI <sup>2</sup>	Younger than 50	50 or Older
Single	\$0 – \$138,000	\$6,500	\$7,500	\$129,000 or less	\$6,000	\$7,000
	More than \$138,000, but less than \$153,000	Partial contribution	Partial contribution	More than \$129,000, but less than \$144,000	Partial contribution	Partial contribution
	\$153,000 or more	None	None	\$144,000 +	None	None
Married (Filing Jointly)	\$0 – \$218,000	\$6,500	\$7,500	\$204,000 or less	\$6,000	\$7,000
	More than \$218,000, but less than \$228,000	Partial contribution	Partial contribution	More than \$204,000, but less than \$214,000	Partial contribution	Partial contribution
	\$228,000 or more	None	None	\$214,000 +	None	None

- Individuals filing a single return and not covered by a retirement plan at work may deduct the full contribution amount with no modified Adjusted Gross Income (AGI) restrictions. For a married couple filing jointly, if both taxpayers are not covered by a retirement plan at work, the full contribution amount is deductible with no modified AGI restrictions. For a married couple filing jointly where the IRA contributor (Spousal IRA) is not an active participant in an employer-sponsored retirement plan and is married to someone who is an active participant, the deduction is phased out if the couple's income is between \$218,000 and \$228,000 in 2023, up from \$204,000 and \$214,000 in 2022.
- Compensation includes taxable wages, salaries, tips, bonuses, commissions, self-employment income, taxable non-tuition fellowship, stipend payments, and alimony and separate maintenance payments, as well as nontaxable combat pay received by members of the US Armed Forces.

# Federal Tax Rates and Schedules

## Single Filers

2023		
Tax Rate	Taxable Income Bracket	Tax Owed
10%	\$0 to \$11,000	10% of taxable income
12%	\$11,001 to \$44,725	\$1,100 plus 12% of the amount over \$11,000
22%	\$44,726 to \$95,375	\$5,147 plus 22% of the amount over \$44,725
24%	\$95,376 to \$182,100	\$16,290 plus 24% of the amount over \$95,375
32%	\$182,101 to \$231,250	\$37,104 plus 32% of the amount over \$182,100
35%	\$231,251 to \$578,125	\$52,832 plus 35% of the amount over \$231,250
37%	\$578,126 or more	\$174,238 plus 37% of the amount over \$578,125

2022		
Tax Rate	Taxable Income Bracket	Tax Owed
10%	\$0 to \$10,275	10% of taxable income
12%	\$10,276 to \$41,775	\$1,027.50 plus 12% of the amount over \$10,275
22%	\$41,776 to \$89,075	\$4,807.50 plus 22% of the amount over \$41,775
24%	\$89,076 to \$170,050	\$15,213.50 plus 24% of the amount over \$89,075
32%	\$170,051 to \$215,950	\$34,647.50 plus 32% of the amount over \$170,050
35%	\$215,951 to \$539,900	\$49,335.50 plus 35% of the amount over \$215,950
37%	\$539,901 or more	\$162,718 plus 37% of the amount over \$539,900

## Married Filing Jointly or Qualifying Widow(er)

2023		
Tax Rate	Taxable Income Bracket	Tax Owed
10%	\$0 to \$22,000	10% of taxable income
12%	\$22,001 to \$89,450	\$2,200 plus 12% of the amount over \$22,000
22%	\$89,451 to \$190,750	\$10,294 plus 22% of the amount over \$89,450
24%	\$190,751 to \$364,200	\$32,580 plus 24% of the amount over \$190,750
32%	\$364,201 to \$462,500	\$74,208 plus 32% of the amount over \$364,200
35%	\$462,501 to \$693,750	\$105,664 plus 35% of the amount over \$462,500
37%	\$693,751 or more	\$186,601 plus 37% of the amount over \$693,750

2022		
Tax Rate	Taxable Income Bracket	Tax Owed
10%	\$0 to \$20,550	10% of taxable income
12%	\$20,551 to \$83,550	\$2,055 plus 12% of the amount over \$20,550
22%	\$83,551 to \$178,150	\$9,615 plus 22% of the amount over \$83,550
24%	\$178,151 to \$340,100	\$30,427 plus 24% of the amount over \$178,150
32%	\$340,101 to \$431,900	\$69,295 plus 32% of the amount over \$340,100
35%	\$431,901 to \$647,850	\$98,671 plus 35% of the amount over \$431,900
37%	\$647,851 or more	\$174,253.50 plus 37% of the amount over \$647,850

## Married Filing Separately

2023		
Tax Rate	Taxable Income Bracket	Tax Owed
10%	\$0 to \$11,000	10% of taxable income
12%	\$11,001 to \$44,725	\$1,100 plus 12% of the amount over \$11,000
22%	\$44,726 to \$95,375	\$5,147 plus 22% of the amount over \$44,725
24%	\$95,376 to \$182,100	\$16,290 plus 24% of the amount over \$95,375
32%	\$182,101 to \$231,250	\$37,104 plus 32% of the amount over \$182,100
35%	\$231,251 to \$346,875	\$52,832 plus 35% of the amount over \$231,250
37%	\$346,876 or more	\$93,301 plus 37% of the amount over \$346,875

2022		
Tax Rate	Taxable Income Bracket	Tax Owed
10%	\$0 to \$10,275	10% of taxable income
12%	\$10,276 to \$41,775	\$1,027.50 plus 12% of the amount over \$10,275
22%	\$41,776 to \$89,075	\$4,807.50 plus 22% of the amount over \$41,775
24%	\$89,076 to \$170,050	\$15,213.50 plus 24% of the amount over \$89,075
32%	\$170,051 to \$215,950	\$34,647.50 plus 32% of the amount over \$170,050
35%	\$215,951 to \$323,925	\$49,335.50 plus 35% of the amount over \$215,950
37%	\$323,926 or more	\$87,126.75 plus 37% of the amount over \$323,925

# Federal Tax Rates and Schedules (continued)

## Head of Household

2023			2022		
Tax Rate	Taxable Income Bracket	Tax Owed	Tax Rate	Taxable Income Bracket	Tax Owed
10%	\$0 to \$15,700	10% of taxable income	10%	\$0 to \$14,650	10% of taxable income
12%	\$15,701 to \$59,850	\$1,570 plus 12% of the amount over \$15,700	12%	\$14,651 to \$55,900	\$1,465 plus 12% of the amount over \$14,650
22%	\$59,851 to \$95,350	\$6,868 plus 22% of the amount over \$59,850	22%	\$55,901 to \$89,050	\$6,415 plus 22% of the amount over \$55,900
24%	\$95,351 to \$182,100	\$14,678 plus 24% of the amount over \$95,350	24%	\$89,051 to \$170,050	\$13,708 plus 24% of the amount over \$89,050
32%	\$182,101 to \$231,250	\$35,498 plus 32% of the amount over \$182,100	32%	\$170,051 to \$215,950	\$33,148 plus 32% of the amount over \$170,050
35%	\$231,251 to \$578,100	\$51,226 plus 35% of the amount over \$231,250	35%	\$215,951 to \$539,900	\$47,836 plus 35% of the amount over \$215,950
37%	\$578,101 or more	\$172,623 plus 37% of the amount over \$578,100	37%	\$539,901 or more	\$161,218.50 plus 37% of the amount over \$539,900

## Standard Deduction

Filing Status	2023	2022
Single	\$13,850	\$12,950
Married filing jointly	\$27,700	\$25,900
Married filing separately	\$13,850	\$12,950
Head of household	\$20,800	\$19,400

## 2023: Capital Gains

Long-Term Capital Gains Tax Rates (longer than 12 months) <sup>1</sup>	Taxable Income			
	Single	Married Jointly	Married Separately	Head of Household
0%	\$0 – \$44,625	\$0 – \$89,250	\$0 – \$44,625	\$0 – \$59,750
15%	\$44,626 – \$492,300	\$89,251 – \$553,850	\$44,626 – \$276,900	\$59,751 – \$523,050
20%	\$492,301 or more	\$553,851 or more	\$276,901 or more	\$523,051 or more

Short-term capital gains (12 months or less) are taxed at ordinary income tax rates.

## 2022: Capital Gains

Long-Term Capital Gains Tax Rates (longer than 12 months) <sup>1</sup>	Taxable Income			
	Single	Married Jointly	Married Separately	Head of Household
0%	\$0 to \$41,675	\$0 to \$83,350	\$0 to \$41,675	\$0 to \$55,800
15%	\$41,676 to \$459,750	\$83,351 to \$517,200	\$41,676 to \$258,600	\$55,801 to \$488,500
20%	\$459,751 or more	\$517,201 or more	\$258,601 or more	\$488,501 or more

Short-term capital gains (12 months or less) are taxed at ordinary income tax rates.

1. Some investors may owe an additional 3.8% of their net investment income, or the amount by which their modified adjusted gross income exceeds the statutory threshold amount based on their filing status. (Single or head of household – \$200,000, Married filing jointly — \$250,000, Married filing separately — \$125,000).

# Federal Tax Rates and Schedules (continued)

## Alternative Minimum Tax Exemptions and Phase-Outs

Filing Status	2023		2022	
	AMT Exemption	Phase-Out Thresholds	AMT Exemption	Phase-Out Thresholds
Single	\$81,300	\$578,150	\$75,900	\$539,900
Married Jointly	\$126,500	\$1,156,300	\$118,100	\$1,079,800

## Gift and Estate Tax Exclusions and Credits

	2023	2022
Estate Tax Exclusion Amount	\$12,920,000	\$12,060,000
Annual Gift Exclusion	\$17,000	\$16,000

## 2023: Retirement Savers Credit

Credit	Married Jointly	Head of Household	All Other Filers <sup>1</sup>
50%	AGI \$43,500 or less	AGI \$32,625 or less	AGI \$21,750 or less
20%	\$43,501 - \$47,500	\$32,626 - \$35,625	\$21,751 - \$23,750
10%	\$47,501 - \$73,000	\$35,626 - \$54,750	\$23,751 - \$36,500
0%	\$73,001 or more	\$54,751 or more	\$36,501 or more

## 2022: Retirement Savers Credit

Credit	Married Jointly	Head of Household	All Other Filers <sup>1</sup>
50%	AGI \$41,000 or less	AGI \$30,750 or less	AGI \$20,500 or less
20%	\$41,001 - \$44,000	\$30,751 - \$33,000	\$20,501 - \$22,000
10%	\$44,001 - \$68,000	\$33,001 - \$51,000	\$22,001 - \$34,000
0%	\$68,001 or more	\$51,001 or more	\$34,001 or more

## Health Savings Accounts (HSAs)

Annual Contribution Limits	2023	2022
Self coverage, individuals under age 55	\$3,850	\$3,650
Family coverage	\$7,750	\$7,300
Catch-up contributions at age 55	\$1,000	\$1,000

Out-of-Pocket Spending of HSA-Compatible HDHPs	2023	2022
Self coverage	\$7,500	\$7,050
Family coverage	\$15,000	\$14,100

Minimum Deductible Amounts for HSA-Compatible HDHPs	2023	2022
Self coverage	\$1,500	\$1,400
Family coverage	\$3,000	\$2,800

1. Single, married filing separately, or qualifying widow(er).

# Social Security Benefits

## Determine Your Full Retirement Age

Year of Birth	Full Retirement Age
1943 – 1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960+	67

## Delayed Retirement Benefits

Year of Birth	Yearly Increase to Age 70
1941 – 1942	7.50%
1943 – later	8%

## Cost of Living Adjustments (COLA)

Year	Percentage
2023	8.70%
2022	5.90%

## State Taxation of Social Security Benefits

Tax some or all SS benefits (12 states)	CO, CT, KS, MN, MO, MT, NE, NM, RI, UT, VT, WV
No state tax (9 states)	AK, FL, NV, NH, SD, TN, TX, WA, WY
All other states (30) exclude SSB from taxation	AL, AR, AZ, CA, DC, DE, GA, HI, ID, IL, IN, IA, KY, LA, ME, MD, MA, MI, MS, NC, ND, NJ, NY, OH, OK, OR, PA, SC, VA, WI

## Who Is Entitled to Your Benefits Once You're Eligible

Who	Eligibility	Benefit <sup>1</sup>
Spouse	<ul style="list-style-type: none"> <li>62 or older.</li> <li>Any age if caring for your child who is under 16 or disabled and also receiving benefits on your record.</li> <li>60 or older (50 or older if disabled) upon your death.</li> </ul>	<ul style="list-style-type: none"> <li>Eligible for 50% of your full benefit if claimed at full retirement age (FRA), reduced if taken prior.</li> <li>Upon your death, eligible for 100% if FRA, no less than 71.5% if taken between age 60 and FRA.</li> </ul>
Child	<ul style="list-style-type: none"> <li>Unmarried</li> <li>Under age 18 (or is 18 – 19 if in high school full time).</li> <li>Any age if disabled before age 22.</li> </ul>	<ul style="list-style-type: none"> <li>Can receive 50% of your full benefit.</li> <li>Upon your death, surviving children can receive 75% of your benefit.</li> </ul>
Ex-Spouse	<ul style="list-style-type: none"> <li>Age 62 or older.</li> <li>Married to you for at least 10 years.</li> <li>Not currently married.</li> <li>60 or older (50 or older if disabled) upon your death.</li> </ul>	<ul style="list-style-type: none"> <li>Can receive 50% of your full benefit at FRA, reduced if taken before FRA, even if you have not filed, if both of you are at least 62 and divorced at least two years.</li> <li>Entitled to same survivor benefits as current spouse if FRA.</li> </ul>

## Types of Social Security Benefits

Retirement	<ul style="list-style-type: none"> <li>Workers who have worked for a sufficient number of years are eligible for retirement at age 62.</li> </ul>	<ul style="list-style-type: none"> <li>Taxable</li> </ul>
Survivor	<ul style="list-style-type: none"> <li>If you are the surviving spouse, ex-spouse, or minor child of a worker who qualified for Social Security retirement.</li> </ul>	<ul style="list-style-type: none"> <li>Taxable</li> </ul>
Disability	<ul style="list-style-type: none"> <li>If you haven't reached retirement age but have met the work requirements and are considered disabled under the Social Security Administration (SSA) program's medical guidelines.</li> </ul>	<ul style="list-style-type: none"> <li>Taxable</li> </ul>
Supplemental Security Income (SSI)	<ul style="list-style-type: none"> <li>Monthly benefits are paid to people with limited income and resources who are disabled, blind, or age 65 or older.</li> <li>Blind or disabled children may also get SSI.</li> </ul>	<ul style="list-style-type: none"> <li>Not Taxable</li> </ul>
Lump-Sum Death Benefit	<ul style="list-style-type: none"> <li>Paid (\$255) to a living with surviving spouse or minor/disabled children only.</li> <li>File Form SSA-8.</li> </ul>	<ul style="list-style-type: none"> <li>Not Taxable</li> </ul>

1. Earnings limits, family limits and Windfall Elimination Provisions apply.



# Medicare Benefits

## Medicare: Federal Health Insurance for Retirees

	Covered	Not Covered	Notes
Medicare Part A – Hospital Insurance	<ul style="list-style-type: none"> <li>Inpatient Hospital Care.</li> <li>Skilled Nursing Facility.</li> <li>Hospice.</li> <li>Home Health Care.</li> </ul>	<ul style="list-style-type: none"> <li>Long-term care, such as nursing homes or long-term facilities.</li> </ul>	<ul style="list-style-type: none"> <li>Most people are automatically enrolled in Part A at age 65 if they have:               <ul style="list-style-type: none"> <li>Worked at least 10 years.</li> <li>Paid Medicare taxes while working.</li> </ul> </li> <li>Medicare Part A coverage is typically premium-free but may also come with other costs, including:               <ul style="list-style-type: none"> <li>Deductibles.</li> <li>Co-insurance.</li> <li>Co-payments.</li> </ul> </li> </ul>
Medicare Part B – Outpatient Medical Insurance	<ul style="list-style-type: none"> <li>Doctor Visits.</li> <li>Lab Testing.</li> <li>Ambulance Services.</li> <li>Preventative Care.</li> <li>Mental Health Care.</li> <li>Drug coverage that must be administered by a doctor.</li> </ul>	<ul style="list-style-type: none"> <li>Prescription drug coverage. This is covered under Part D.</li> <li>Medical equipment obtained through a supplier not affiliated with Medicare.</li> </ul>	<ul style="list-style-type: none"> <li>Unlike Part A, most people will pay a monthly premium for Part B. That premium will vary from year to year and depend on individual situations.</li> <li>Other costs related to your Medicare Part B coverage may include:               <ul style="list-style-type: none"> <li>Deductible.</li> <li>Co-insurance.</li> <li>Co-payments.</li> </ul> </li> <li>Costs vary depending on the type of service or item requested.</li> </ul>
Medicare Advantage (Part C) – Alternative to Original Medicare from a private insurer	<ul style="list-style-type: none"> <li>Dental Care.</li> <li>Hearing Care.</li> <li>Prescription Drug Coverage.</li> <li>Vision Services and Care.</li> <li>Additional Benefits not covered by Medicare A or B.</li> </ul>		
Medicare Part D – Prescription Drug Insurance	<ul style="list-style-type: none"> <li>Original Medicare offers limited prescription drug benefits. Fills the gap in prescription drug coverage left by Medicare Parts A and B.</li> </ul>		<ul style="list-style-type: none"> <li>Original Medicare beneficiaries can sign up for Medicare Part D prescription drug coverage through a separate Medicare Prescription Drug Plan.</li> <li>These plans provide for stand-alone prescription drug benefits. Individuals still need to stay enrolled in Part A and/or Part B for their hospital and medical coverage.</li> <li>Individuals who opt for Medicare Advantage can get Medicare Part D coverage through a Medicare Advantage Prescription Drug plan. The convenience of these plans is that they provide all of your Medicare Part A, Part B, and Part D benefits under a single plan.</li> </ul>
Medicare Supplemental Insurance (aka Medigap) Private insurance companies that cover costs not covered by Original Medicare	<ul style="list-style-type: none"> <li>Deductibles.</li> <li>Premiums.</li> <li>Co-payments.</li> <li>Travel Care Coverage.</li> </ul>	<ul style="list-style-type: none"> <li>Prescription drug coverage.</li> </ul>	

Source: Medicare & You 2023 - The official U.S. Government Medicare Handbook.

## Comparing Medicare Advantage and Medicare Supplement Plans

Feature	Does it cover Medicare's out-of-pocket costs, such as deductibles and coinsurance?	Does it let you see any doctor you choose who accepts Medicare assignment?	Does it include prescription drug coverage?	Does it include additional coverage, such as routine dental or vision services?
Medicare Supplement – Medigap	<ul style="list-style-type: none"> <li>Yes. Different plans may cover different portions of certain out-of-pocket costs. Some plans may not cover Medicare deductibles.</li> </ul>	<ul style="list-style-type: none"> <li>Yes, lets you see any doctor you choose who accepts Medicare assignment with most plans.</li> </ul>	<ul style="list-style-type: none"> <li>No, unless you still have a previously purchased plan that included this coverage.</li> </ul>	<ul style="list-style-type: none"> <li>Standard benefits don't include this coverage, although some insurance companies may offer additional benefits.</li> </ul>
Medicare Advantage – Part C	<ul style="list-style-type: none"> <li>Plans set their own coinsurance and deductible amounts.</li> </ul>	<ul style="list-style-type: none"> <li>Many plans have provider networks you must use or else pay higher out-of-pocket costs for your medical services.</li> </ul>	<ul style="list-style-type: none"> <li>Yes, with most plans.</li> </ul>	<ul style="list-style-type: none"> <li>Yes, with some plans.</li> </ul>

# Retirement Plan Distribution Rules

## Retirement Plan Distributions

	Under 59½ Years of Age	59½ to 73 Years of Age	73 Years of Age and Older
<b>Traditional IRA/SEP/SIMPLE IRA</b>			
Tax Implications	• Taxed as ordinary income. <sup>1</sup>	• Taxed as ordinary income. <sup>1</sup>	• Taxed as ordinary income. <sup>1</sup>
Withdrawal Penalties	• 10% penalty on taxable portion of distribution unless a penalty exception applies. With a SIMPLE IRA, the penalty for early withdrawal is 25% during the first two years of plan participation.	• None.	• Failure to take any year's full required minimum distribution (RMD) will result in a 25% penalty on the amount that should have been withdrawn (reduced to 10% if timely corrected).*
RMDs <sup>2</sup>	• Not until age 73.	• Not until age 73.	• Yes, starting no later than April 1 of the calendar year after the account owner/participant turns 73, then by December 31 each year thereafter.
<b>Roth IRA</b>			
Tax Implications	• Contributions can be withdrawn tax-free. Ordinary income tax applies to investment earnings unless the Roth IRA has been open for at least five years from Jan. 1 of the tax year for which a contribution was first made, and withdrawal is due to death, disability or qualified first home purchase.	• Contributions can be withdrawn tax-free. Investment earnings can be withdrawn tax-free as long as the account has been open for at least five years from Jan. 1 of the tax year for which a contribution was first made.	• Contributions can be withdrawn tax-free. Investment earnings can be withdrawn tax-free as long as the account has been open for at least five years from Jan. 1 of the tax year for which a contribution was first made.
Withdrawal Penalties	• No penalties on withdrawal of contributions. 10% penalty on investment earnings withdrawn unless a tax-free distribution or a penalty exception applies.	• None.	• None.
RMDs	• None during lifetime of original owner.	• None during lifetime of original owner.	• None during lifetime of original owner.
<b>Qualified Plan<sup>3</sup>/403(b)/Governmental 457(b)</b>			
Tax Implications	• Depends on the type of plan, but generally taxed as ordinary income.	• Generally taxed as ordinary income.	• Generally taxed as ordinary income.
Withdrawal Penalties	• Qualified plan/403(b): 10% penalty on amounts not rolled over to another plan within 60 days unless an early withdrawal exception applies. • 457(b): Generally no penalty. <sup>4</sup>	• None, but participant may be required to separate from service before withdrawals are allowed if the plan does not allow for in-service withdrawals.	• Failure to take any year's full RMD will result in a 25% penalty on the amount that should have been withdrawn (reduced to 10% if timely corrected).*
RMDs <sup>2*</sup>	• Not until age 73.	• Not until age 73.	• Yes, generally starting April 1 of the calendar year following the later of the year after participant turns 73 or the calendar year in which the participant retires from employment with the employer maintaining the plan, then by December 31 each year thereafter. <sup>5</sup>
<b>Roth 401(k)/Roth 403(b)/Roth 457(b)</b>			
Tax Implications	• Ordinary income tax applies to investment earnings unless employee has been a Roth participant for at least five tax years and the distribution is due to death or disability.	• Distributions are tax-free with five tax years or more of Roth plan participation. If the five-year requirement isn't met, the amount attributable to investment earnings is subject to ordinary income tax.	• Distributions are tax-free with five tax years or more of Roth plan participation. If the five-year requirement isn't met, the amount attributable to investment earnings is subject to ordinary income tax.
Withdrawal Penalties	• 10% penalty on taxable amount unless an exception applies.	• None.	• Failure to take any year's full RMD will result in a 25% penalty on any taxable amount that should have been withdrawn (reduced to 10% if timely corrected).*
RMDs <sup>2*</sup>	• Not until age 73.	• Not until age 73.	• Yes, generally starting April 1 of the calendar year following the later of the year after participant turns 73 or the calendar year in which the participant retires from employment with the employer maintaining the plan, then by December 31 each year thereafter.

\* Effective January 1, 2023, SECURE 2.0 provision.

1. Any amounts withdrawn from a traditional IRA that represent nondeductible contributions are not subject to tax.

2. The SECURE 2.0 Act of 2022 increased the RMD starting age from 72 to 73 beginning in 2023 for account holders who did not reach age 72 by December 31, 2022.

3. A retirement plan that meets the requirements of the Internal Revenue Code to qualify for tax-favored treatment (e.g., 401(k), profit-sharing, money purchase).

4. A 10% penalty could apply if the distribution from the 457(b) plan is attributable to funds rolled into the plan from a qualified plan and the distribution does not qualify for another penalty exception.

5. Qualified plan individuals owning more than 5% of the company sponsoring the retirement plan must begin taking RMDs by April 1 of the calendar year following the year they reach age 73, regardless of retirement status.

# Retirement Plan Distribution Rules (continued)

## Distributions Not Subject to the 10% Early Withdrawal Penalty

IRA/SEP/SIMPLE IRA <sup>1</sup> /Qualified Plan/403(b)	IRA/SEP/SIMPLE IRA <sup>1</sup>	Qualified Plan/403(b)
<ul style="list-style-type: none"> <li>• Qualified reservist distributions.</li> <li>• Qualified disaster distributions.*</li> <li>• Illness certified by a Dr. to be terminal within 84 months.</li> <li>• On or after age 59½.</li> <li>• Death.</li> <li>• Permanent disability (as defined in the Internal Revenue Code).</li> <li>• Series of substantially equal periodic payments.</li> <li>• IRS levy on the IRA or plan.</li> <li>• Unreimbursed medical expenses in excess of 7.5% of AGI.</li> <li>• Qualified birth or adoption expenses up to \$5,000 for up to 12 months after the birth of a child or the legal date of adoption.</li> </ul>	<ul style="list-style-type: none"> <li>• Qualified first-time homebuyer expenses (\$10,000 lifetime limitation).</li> <li>• Qualified higher education expenses.</li> <li>• Payment of health insurance premiums while unemployed (requirements apply).</li> </ul>	<ul style="list-style-type: none"> <li>• After an employee's separation from service where the separation occurs during or after the year the employee reaches age 55.</li> <li>• To an alternate payee under a qualified domestic relations order (QDRO).</li> </ul>

### Substantially Equal Periodic Payments<sup>2,\*</sup>

Distributions from a qualified plan, a 403(b) or an IRA before age 59½ are not subject to the 10% early withdrawal penalty if they consist of a series of "substantially equal periodic payments" (SEPP) that satisfy Section 72(t) of the Internal Revenue Code. Payments must be taken annually for at least five years or until age 59½, whichever is longer.

### Calculating the Distribution Amount

IRS Approved Method	Description	Key Features
RMD	<ul style="list-style-type: none"> <li>• Divide the account balance for each year by the appropriate life-expectancy factor from one of three IRS tables:               <ul style="list-style-type: none"> <li>– Uniform Lifetime.</li> <li>– Single Life Expectancy.</li> <li>– Joint and Last Survivor.</li> </ul> </li> <li>• The same table must be used for all payment calculations.</li> </ul>	<ul style="list-style-type: none"> <li>• Requires annual recalculation of the payment using the updated account balance and life-expectancy factor.</li> <li>• Of the three methods, the RMD method generally results in the lowest payment.</li> <li>• Annual changes to the payment amount are not considered modifications of the SEPP arrangement.</li> </ul>
Fixed Amortization	<ul style="list-style-type: none"> <li>• Amortize the account balance in the first year of payment using the life-expectancy factor from one of the IRS tables listed above and an interest rate.</li> <li>• The interest rate can't be more than the greater of (a) 5% or (b) 120% of the federal mid-term rate for either of the two months immediately preceding the month in which payments begin.</li> </ul>	<ul style="list-style-type: none"> <li>• The payment is not recalculated after it is initially determined — it remains the same each year.</li> <li>• Exception: The IRS allows the account owner to switch to the RMD method in any year after the first year provided the RMD method continues to be followed in all later years.</li> </ul>
Fixed Annuitization	<ul style="list-style-type: none"> <li>• Similar to the fixed amortization method, except that the life-expectancy factor ("annuity factor") is taken from an IRS-approved mortality table.</li> </ul>	<ul style="list-style-type: none"> <li>• The payment is not recalculated after it is initially determined — it remains the same each year.</li> <li>• Exception: The IRS allows the account owner to switch to the RMD method in any year after the first year, provided the RMD method continues to be followed in all later years.</li> </ul>

### RMD Calculation Upon Attaining Age 73\*

To find the current RMD, divide the adjusted balance of the account on December 31 of the previous year by the applicable divisor from the IRS Uniform Lifetime Table. Use the account owner's age on this year's birthday. If the account owner's spouse is the sole beneficiary of the IRA and is more than 10 years younger than the owner, you may use a separate IRS table — Joint and Last Survivor — that addresses joint life expectancy, which will result in a lower RMD.

## IRS Uniform Lifetime Table

Age	Applicable Divisor	Age	Applicable Divisor	Age	Applicable Divisor
73	26.5	83	17.7	93	10.1
74	25.5	84	16.8	94	9.5
75	24.6	85	16.0	95	8.9
76	23.7	86	15.2	96	8.4
77	22.9	87	14.4	97	7.8
78	22.0	88	13.7	98	7.3
79	21.1	89	12.9	99	6.8
80	20.2	90	12.2	100	6.4
81	19.4	91	11.5	101	6.0
82	18.5	92	10.8		

\* Effective January 1, 2023, SECURE 2.0 provision.

1. The early distribution penalty is 25% (instead of 10%) during the first two years of SIMPLE IRA plan participation.
2. SEPPs are available to qualified plan and 403(b) participants only after severance from employment.

# Rollover and Transfer Rules

Plan Type	What Distributions Can Be Rolled Over/ Transferred	What Distributions Cannot Be Rolled Over/ Transferred	Rollover Options		
			Direct Rollover	Indirect Rollover	Partial Rollover
Qualified/ 403(b)/ Governmental 457(b)	<ul style="list-style-type: none"> <li>Any eligible distribution that is not described at right.<sup>1</sup></li> </ul> <hr/> <p><b>Contract Exchange</b></p> <ul style="list-style-type: none"> <li>If permitted under the plan, 403(b) participants can move assets from one approved investment provider to another within the same plan.</li> </ul>	<ul style="list-style-type: none"> <li>RMDs.</li> <li>Corrective distributions of excess contributions or deferrals.</li> <li>Hardship distributions.</li> <li>Loans treated as distributions.</li> <li>Distributions that are part of a series of substantially equal payments made at least annually over a lifetime or a period of 10 years or more.</li> <li>Dividends on employer securities.</li> <li>The cost of life insurance coverage.</li> </ul>	<ul style="list-style-type: none"> <li>Trustee-to-trustee transfer to an eligible plan or IRA.</li> <li>No tax or penalty in the year of the rollover (unless the rollover is to a Roth IRA or a designated Roth account in the plan).</li> </ul>	<ul style="list-style-type: none"> <li>The plan must withhold 20% for federal income taxes, and the participant receives the net amount.</li> <li>To avoid tax and a potential 10% early distribution penalty, the participant must deposit the full distribution (including the 20%) in an eligible plan or IRA within 60 days.</li> </ul>	<ul style="list-style-type: none"> <li>A portion of the distribution is transferred or rolled over, and the participant keeps the remainder.</li> <li>The amount not transferred or rolled over is subject to tax and possibly a 10% early withdrawal penalty.</li> </ul>
Traditional IRA/SEP/ SIMPLE IRA	<ul style="list-style-type: none"> <li>Any distribution to the account owner or the owner's surviving spouse (who inherited the IRA) that would be taxable if it is not rolled over or transferred to another plan or IRA (only one 60 day rollover is allowed from the owner's aggregate IRAs in a one-year period).</li> </ul>	<ul style="list-style-type: none"> <li>Amounts representing nondeductible contributions to a traditional IRA cannot be rolled into a qualified/403(b)/ Governmental 457(b) plan.</li> <li>RMDs.</li> <li>Corrective distributions of excess contributions.</li> <li>Distributions that are part of a series of substantially equal periodic payments under Section 72(t) of the Internal Revenue Code.</li> <li>Any distribution made within one year of another distribution that was rolled over from the account owner's aggregate IRAs.</li> <li>Any distribution to a non-spouse beneficiary who inherited the IRA.</li> </ul>	<ul style="list-style-type: none"> <li>Trustee-to-trustee transfer to an eligible retirement plan or IRA.</li> <li>No tax or penalty in the year of the rollover (unless the rollover is to a Roth IRA).</li> </ul>	<ul style="list-style-type: none"> <li>The IRA owner receives the distribution and deposits it in an eligible plan or IRA within 60 days.</li> <li>No tax or penalty in the year of the rollover (unless the rollover is to a Roth IRA).</li> </ul>	<ul style="list-style-type: none"> <li>A portion of the distribution is transferred or rolled over, and the IRA owner keeps the remainder.</li> <li>The amount not transferred/rolled over is subject to tax and possibly a 10% early withdrawal penalty.</li> </ul>
Roth IRA	<ul style="list-style-type: none"> <li>Generally, any distribution to the account owner or the owner's surviving spouse (only one 60 day rollover is allowed from the owner's aggregate IRAs within a one-year period).<sup>2</sup></li> </ul>	<ul style="list-style-type: none"> <li>Any distribution made within one year of another distribution that was rolled over from the account owner's aggregate IRAs.</li> <li>Any distribution to a non-spouse beneficiary of the Roth IRA.</li> </ul>	<ul style="list-style-type: none"> <li>Trustee-to-trustee transfer to another Roth IRA.</li> <li>No tax or penalty in the year of the rollover.</li> </ul>	<ul style="list-style-type: none"> <li>The Roth IRA owner receives the distribution and deposits it in a Roth IRA within 60 days.</li> <li>No tax or penalty in the year of the rollover.</li> <li>The five-year period used to determine qualified distributions doesn't change.</li> </ul>	<ul style="list-style-type: none"> <li>A portion of the distribution is transferred or rolled over to another Roth IRA, and the account owner keeps the remainder.</li> <li>Any earnings amount that is not rolled over is potentially subject to tax and a 10% early withdrawal penalty (unless distribution is qualified).</li> </ul>

1. A distribution to a non-spouse designated beneficiary of a deceased employee will be treated as an eligible rollover distribution only if it is directly transferred to a traditional or Roth IRA established to receive the distribution.

2. There is also a prohibition on making another tax-free rollover from the IRA that received the rollover contribution within the same one-year period.

# Rollover and Transfer Rules (continued)

## Moving Money Between Plans

Roll From	Roll To							
	Roth IRA	Traditional IRA	SIMPLE IRA (after 2 years)	SEP	457(b) (government)	Qualified Plan <sup>1</sup> (pretax)	403(b) (pretax)	Designated Roth Account (401(k), 403(b), or 457(b))
Roth IRA	Yes <sup>2</sup>	No	No	No	No	No	No	No
Traditional IRA	Yes <sup>3</sup>	Yes <sup>2</sup>	Yes <sup>2,7</sup>	Yes <sup>2</sup>	Yes <sup>4</sup>	Yes	Yes	No
SIMPLE IRA (after 2 years)	Yes <sup>3</sup>	Yes <sup>2</sup>	Yes <sup>2</sup> (no 2 year rule)	Yes <sup>2</sup>	Yes <sup>4</sup>	Yes	Yes	No
SEP	Yes <sup>3</sup>	Yes <sup>2</sup>	Yes <sup>2,7</sup>	Yes <sup>2</sup>	Yes <sup>4</sup>	Yes	Yes	No
457(b) (Government)	Yes <sup>3</sup>	Yes	Yes <sup>7</sup>	Yes	Yes	Yes	Yes	Yes <sup>3,5</sup>
Qualified Plan <sup>1</sup> (pretax)	Yes <sup>3</sup>	Yes	Yes <sup>7</sup>	Yes	Yes <sup>4</sup>	Yes	Yes	Yes <sup>3,5</sup>
403(b) (pretax)	Yes <sup>3</sup>	Yes	Yes <sup>7</sup>	Yes	Yes <sup>4</sup>	Yes	Yes	Yes <sup>3,5</sup>
Designated Roth Account (401(k), 403(b), or 457(b))	Yes	No	No	No	No	No	No	Yes <sup>6</sup>

Source: 2021 IRS Publication 590-A.

1. Qualified plans include, for example, profit-sharing, 401(k), money purchase and defined benefits plans.
2. Only one rollover in any 12-month period.
3. Must include in income.
4. Must have separate accounts.
5. Must be an in-plan rollover.
6. Any nontaxable amounts distributed must be rolled over by direct trustee-to-trustee transfer.
7. Applies to rollover contributions after December 18, 2015.

# Small Business/Employer Retirement Plans

Type of Plan	Key Features	Who Can Establish	2023 and 2022 Contributions
Simplified Employee Pension (SEP)	<ul style="list-style-type: none"> <li>Minimal paperwork and reporting.</li> <li>Employers can change their annual contributions, and contributions may be discretionary.</li> <li>Employees may designate plan contributions as Roth contributions.*</li> <li>Deductible employer contributions are made directly to employees' IRAs.</li> <li>All contributions must be 100% vested immediately.</li> </ul>	<ul style="list-style-type: none"> <li>Self-employed persons, partnerships, corporations, and nonprofit groups.</li> </ul>	<p><b>Who Contributes: Employer</b></p> <ul style="list-style-type: none"> <li>Total employer contributions cannot exceed 25% of total eligible compensation.</li> <li>Maximum eligible compensation: <ul style="list-style-type: none"> <li>– \$330,000 for 2023 tax year</li> <li>– \$305,000 for 2022 tax year</li> </ul> </li> </ul>
SIMPLE IRA	<ul style="list-style-type: none"> <li>Inexpensive 401(k)-type plan for smaller employers.</li> <li>No 401(k)-type discrimination testing.</li> <li>Employees can make pretax elective deferrals.</li> <li>Employees may designate plan contributions as Roth contributions.*</li> <li>Deductible employer contributions are made directly to employees' IRAs.</li> <li>Employer contributions are mandatory.</li> <li>All contributions must be 100% vested immediately.</li> </ul>	<ul style="list-style-type: none"> <li>Self-employed persons, partnerships, corporations, nonprofit groups, tax-exempt institutions, and government entities with 100 or fewer employees who earned \$5,000 or more in compensation in the preceding year.</li> <li>Generally, the employer may not maintain another plan.</li> </ul>	<p><b>Who Contributes: Employee and Employer</b></p> <ul style="list-style-type: none"> <li>Employees can defer up to <ul style="list-style-type: none"> <li>– \$15,500 (\$19,000 at age 50) for 2023</li> <li>– \$14,000 (\$17,000 at age 50) for 2022</li> </ul> </li> <li>Employer must choose one of two options: <ul style="list-style-type: none"> <li>– Match employee's contribution dollar for dollar, up to 3% of compensation (no salary maximum; match cannot exceed deferral limit).<sup>1</sup></li> <li>– Contribute 2% of each eligible employee's compensation. Maximum eligible compensation: <ul style="list-style-type: none"> <li>• \$330,000 for 2023 tax year</li> <li>• \$305,000 for 2022 tax year</li> </ul> </li> </ul> </li> </ul>
Solo 401(k)	<ul style="list-style-type: none"> <li>Business owner may make pretax elective deferrals.</li> <li>Business owner may make Roth contributions (after tax) if permitted by the plan.</li> <li>Business owner contribution requirements are set in the plan document. Contributions may be discretionary.</li> <li>Business owner may designate business contributions as Roth contributions.*</li> <li>Participant loans are available if permitted by the plan.</li> </ul>	<ul style="list-style-type: none"> <li>Business owners (and their spouses) with no employees.<sup>2</sup></li> </ul>	<p><b>Who Contributes: Business Owner</b></p> <ul style="list-style-type: none"> <li>Business owner can make up to a 25%<sup>3</sup> discretionary profit-sharing contribution and defer up to (catch-up deferrals are not included in this limit): <ul style="list-style-type: none"> <li>– \$22,500 (\$30,000 at age 50) for 2023</li> <li>– \$20,500 (\$27,000 at age 50) for 2022</li> </ul> </li> <li>Deferrals and employer contributions cannot exceed the lesser of 100% of compensation or <ul style="list-style-type: none"> <li>– \$66,000 per person for 2023 tax year</li> <li>– \$61,000 per person for 2022 tax year</li> </ul> </li> <li>Total employer contributions to the plan cannot exceed 25% of total eligible compensation. (Employer contributions exclude employee deferrals.)</li> <li>Maximum eligible compensation: <ul style="list-style-type: none"> <li>– \$330,000 for 2023 tax year</li> <li>– \$305,000 for 2022 tax year</li> </ul> </li> </ul>
401(k)	<ul style="list-style-type: none"> <li>Employees may make pretax elective deferrals.</li> <li>Employees may make Roth contributions (after tax) if permitted by the plan.</li> <li>Employer matching and profit-sharing contributions may be discretionary if permitted by the plan.</li> <li>Employees may designate employer contributions as Roth contributions.*</li> <li>Participant loans are available if permitted by the plan.</li> <li>Vesting schedule on employer contributions is determined by the employer.</li> <li>Due to complicated discrimination testing and tax reporting, third-party administrative services are recommended.</li> </ul>	<ul style="list-style-type: none"> <li>Partnerships, corporations, and nonprofit groups (no government entities).</li> </ul>	<p><b>Who Contributes: Employee and Employer</b></p> <ul style="list-style-type: none"> <li>Employees can defer up to (catch-up deferrals are not included in this limit): <ul style="list-style-type: none"> <li>– \$22,500 (\$30,000 at age 50) for 2023</li> <li>– \$20,500 (\$27,000 at age 50) for 2022</li> </ul> </li> <li>Deferrals and employer contributions cannot exceed the lesser of 100% of compensation or <ul style="list-style-type: none"> <li>– \$66,000 per person for 2023 tax year</li> <li>– \$61,000 per person for 2022 tax year</li> </ul> </li> <li>Total employer contributions to the plan cannot exceed 25% of total eligible compensation. (Employer contributions exclude employee deferrals.)</li> <li>Maximum eligible compensation: <ul style="list-style-type: none"> <li>– \$330,000 for 2023 tax year</li> <li>– \$305,000 for 2022 tax year</li> </ul> </li> </ul>

\* Optional plan provision which became effective January 1, 2023, as a result of SECURE 2.0.

1. In two years of any five-year period, match can be reduced to 1% of compensation.

2. Solo 401(k) plan business owners can be defined as one individual (or the individual and his/her spouse) who owns 100% of the business or one or more partners (or partners and their spouses).

3. Incorporated businesses can contribute a maximum of 25%, while unincorporated businesses can contribute a maximum of 20% in profit-sharing contributions.

# Small Business/Employer Retirement Plans (continued)

Type of Plan	Key Features	Who Can Establish	2023 and 2022 Contributions
Safe Harbor 401(k) and Super Comparability 401(k)	<ul style="list-style-type: none"> <li>Safe harbor 401(k) permits employers to choose either a 3% non-elective contribution or a 4% match on a 5% deferral.</li> <li>Employer contribution must be made each year to maintain safe harbor provisions.</li> <li>Employees may designate employer contributions as Roth contributions.*</li> <li>Super comparability 401(k) combines the features of a new comparability plan (see below) with 401(k) safe harbor provisions.</li> <li>No 401(k)-type discrimination testing for either plan.</li> <li>Participant loans are available for either if permitted by the plan.</li> <li>Due to the complexity of the contribution calculation, retirement plan administrative services are necessary.</li> </ul>	<ul style="list-style-type: none"> <li>Partnerships, corporations, and nonprofit groups (no government entities).</li> <li>Employers must provide a 30-day notice before establishing the plan.</li> </ul>	<p><b>Who Contributes: Employee and Employer</b></p> <ul style="list-style-type: none"> <li>Employees can defer up to <ul style="list-style-type: none"> <li>– \$22,500 (\$30,000 at age 50) for 2023</li> <li>– \$20,500 (\$27,000 at age 50) for 2022</li> </ul> </li> <li>Deferrals and employer contributions cannot exceed the lesser of 100% of compensation or (catch-up deferrals are not included in this limit): <ul style="list-style-type: none"> <li>– \$66,000 per employee for 2023 tax year</li> <li>– \$61,000 per employee for 2022 tax year</li> </ul> </li> <li>Total employer contributions cannot exceed 25% of total eligible compensation. (Employer contributions exclude employee deferrals.)</li> <li>Maximum eligible compensation: <ul style="list-style-type: none"> <li>– \$330,000 for 2023 tax year</li> <li>– \$305,000 for 2022 tax year</li> </ul> </li> </ul>
Profit-Sharing, Age Weighted and New Comparability	<ul style="list-style-type: none"> <li>Profit-sharing contribution requirements are set in the plan document. Contributions may be discretionary.</li> <li>Age-weighted formula is determined by the salary range and age of employees.</li> <li>New comparability formula groups employees into categories and then bases the formula on each group as governed by nondiscrimination regulations.</li> <li>Employers may add a 401(k) salary deferral feature for all plans.</li> <li>Participant loans are available for all if permitted by the plan.</li> <li>Vesting schedule is determined by the employer for all plans.</li> <li>Due to the complexity of the contribution calculation and nondiscrimination testing, retirement plan administrative services are necessary.</li> </ul>	<ul style="list-style-type: none"> <li>Self-employed persons, partnerships, corporations, and nonprofit groups.</li> </ul>	<p><b>Who Contributes: Employer</b></p> <ul style="list-style-type: none"> <li>Up to the lesser of 100% of eligible compensation or <ul style="list-style-type: none"> <li>– \$66,000 per eligible employee for 2023</li> <li>– \$61,000 per employee for 2022</li> </ul> </li> <li>Total employer contribution cannot exceed 25% of total eligible compensation.</li> <li>Maximum eligible compensation: <ul style="list-style-type: none"> <li>– \$330,000 for 2023 tax year</li> <li>– \$305,000 for 2022 tax year</li> </ul> </li> </ul>
403(b)(7) ERISA/ Non-ERISA	<ul style="list-style-type: none"> <li>Participants can make pretax salary deferral contributions.</li> <li>Participants can make Roth contributions (after tax) if permitted by the plan.</li> <li>Participant loans are available if permitted by the plan.</li> <li>Employer contributions are allowed if included in the plan.<sup>4</sup></li> <li>Employees may designate employer contributions as Roth contributions.*</li> </ul>	<ul style="list-style-type: none"> <li>Public schools for grades K-12, colleges and universities; churches/church-related organizations, hospitals, and other 501(c)(3) tax-exempt organizations.</li> </ul>	<p><b>Who Contributes: Employee and Employer<sup>5</sup></b></p> <ul style="list-style-type: none"> <li>Employees can defer up to <ul style="list-style-type: none"> <li>– \$22,500 (\$30,000 at age 50) for 2023</li> <li>– \$20,500 (\$27,000 at age 50) for 2022</li> </ul> </li> <li>Deferrals and employer contributions cannot exceed the lesser of 100% of compensation or (catch-up deferrals and special catch-up contributions are not included in this limit): <ul style="list-style-type: none"> <li>– \$66,000 per person for 2023 tax year<sup>5</sup></li> <li>– \$61,000 per person for 2022 tax year</li> </ul> </li> </ul>
457(b)	<ul style="list-style-type: none"> <li>Employees make salary reduction contributions or employer contributes.</li> <li>Participant loans are available if permitted by the plan.</li> <li>No 10% penalty for early withdrawal upon retirement or termination of employment before age 59½ (except for amounts attributable to rollovers from other plans).</li> <li>May cover part-time employees and independent contractors who perform services for the employer in addition to full-time employees.</li> <li>Participants can make Roth contributions (after tax) if permitted by the plan.</li> </ul>	<ul style="list-style-type: none"> <li>State and local governments or tax-exempt organizations under IRC 501(c).</li> </ul>	<p><b>Who Contributes: Employee and Employer</b></p> <ul style="list-style-type: none"> <li>Employees and/or employer can contribute up to <ul style="list-style-type: none"> <li>– \$22,500 (\$30,000 at age 50) for 2023</li> <li>– \$20,500 (\$27,000 at age 50) for 2022</li> </ul> </li> </ul>

\* Optional plan provision which became effective January 1, 2023, as a result of SECURE 2.0.

4. Employer contributions made by nongovernmental 501(c)(3) employers will likely make the plan subject to the Employee Retirement Income Security Act of 1974. (ERISA).

5. Employees with 15 or more full years of service with an eligible employer may be permitted to make special catch-up contributions of up to \$3,000 over the elective deferral limit. The maximum lifetime amount is \$15,000 over five years. Age 50 catch-up contributions count against the \$15,000 cumulative limit.

All rules related to the establishment or maintenance of each plan type are not included in this summary. Additional rules may also apply if an employer maintains multiple plans. Please consult your tax or legal advisor for detailed information. Invesco representatives do not provide investment or tax advice.

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