2022 PLAN COMPARISON

Whether you're an employer who wants to help your employees work toward a secure retirement, or someone who wants to plan for your own future, this handy guide can help you narrow the focus and zero in on a retirement plan that could work for you in 2022. Because of the complexities involved with qualified retirement plans, always consult your legal or tax advisor to be sure you are complying with the rules.

ANNUAL CONTRIBUTION LIMITS

Annual Contribution Limits	2022	2021
Traditional IRA, Roth IRA, Spousal, Guardian	$6,000	$6,000
Traditional, Roth, Spousal IRA Catch-Up Contribution	$1,000	$1,000
Education IRA – formerly Coverdell ESA (per beneficiary)	$2,000	$2,000
Employer Deduction Limit (SEP, MPP,PSP, 401(k)[5])	25% aggregate comp	25% aggregate comp
Elective Deferral (402(g) Limit): 401(k), SARSEP, 457 and 403(b))	$20,500	$19,500
Defined Contribution 415 Limit *(the lesser of)*	100% comp or $61,000	100% comp or $58,000
Salary Deferral Catch-Up Limit *(does not count against 415 limits in a 401(k) plan)*	$6,500	$6,500
SIMPLE Plan Deferral	$14,000	$13,500
SIMPLE IRA Catch-Up Limit	$3,000	$3,000
Defined Benefit 415 Limit	$245,000	$230,000
Annual Compensation Cap	$305,000	$290,000
SEP Participation Compensation	$650	$650
Highly Compensated Employee (HCE)	$135,000	$130,000
Key Employee Officer Definition	$200,000	$185,000
Social Security Taxable Wage Base	$147,000	$142,800

CONTRIBUTION ELIGIBILITY FOR ROTH IRAS 2022

Modified Adjusted Gross Income Phase Out Range		
Single Filers	**Married Filing Jointly**	**Married Filing Separately**
$129,000–$144,000	$204,000–$214,000	$0–$10,000

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2022	Traditional IRA	Roth IRA	SEP
Plan Features	Contributions may be tax deductible (if individual falls within income guidelines); can be used in conjunction with any retirement plan. Contributions can be made after age 72.	Tax-free growth and distributions (provided certain conditions are met); nondeductible contributions may be made even after age 72; can be used in conjunction with any retirement plan	Employer-funded; easy to establish and maintain; minimal IRS filings and paperwork; low cost
Who May Establish	Age limit: None Income limit: None. Must have taxable compensation.	Age limit: None Income limit: $144,000 for single and $214,000 for joint	Sole proprietors, partnerships, corporations, nonprofits, government entities
Establishment Deadline	Tax filing deadline (generally April 15)	Tax filing deadline (generally April 15)	Tax filing deadline plus extensions
Contribution Deadline	Tax filing deadline (generally April 15)	Tax filing deadline (generally April 15)	Tax filing deadline plus extensions
Contribution Limit/ Requirements	Annual contributions of up to $6,000 or 100% of compensation (whichever is less); $7,000 if age 50 or older; non-employed spouses may also contribute up to $6,000 per year if conditions are met ($7,000 if over 50)	Annual contributions of up to $6,000 or 100% of compensation (whichever is less); $7,000 if age 50 or older; non-employed spouses may also contribute up to $6,000 per year if conditions are met ($7,000 if over 50)	25% of compensation up to $61,000; approximately 20% for sole proprietors (due to self-employment deduction)
Who Contributes	Individual	Individual	Employer
Maximum Employee Eligibility Requirements	N/A	N/A	Age 21 or older, worked three of last five years and earned at least $650 in each of those years; may exclude union employees and nonresident aliens
Vesting	100%	100%	100%
Distributions	Distributions taken prior to age 59½ may be subject to a 10% penalty tax, in addition to ordinary income tax; minimum distributions required at 72. Exceptions to 10% penalty may apply.[1] The distribution, which is still subject to tax, may be repaid to the retirement account.	Tax-free distributions allowed provided certain conditions are met; no minimum distributions required at age 72	Distributions taken prior to age 59½ may be subject to a 10% penalty tax, in addition to ordinary income tax; minimum distributions required at 72. Exceptions to 10% penalty may apply.[1] The distribution, which is still subject to tax, may be repaid to the retirement account.
Loan Features	Not available	Not available	Not available
Plan Administration	None	None	None

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[1] For example, new parents may withdraw up to $5,000 from a retirement account within a year of a child's birth or adoption without a 10% penalty tax.

2022	Simple IRA	Profit Sharing/ Money Purchase	403(b)(7)[2]/ Roth 403(b)(7)
Plan Features	Employee- and employer-funded; easy to establish and maintain; no ADP/ ACP nondiscrimination 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
Who May Establish	Employers with 100 or fewer employees, including sole proprietors, partnerships, corporations, nonprofits, and government entities	Sole proprietors, partnerships, corporations, nonprofits, government entities	Public schools and 501(c)(3) organizations
Establishment Deadline	October 1	Tax filing deadline plus extensions	Plan year-end, usually December 31 for calendar-year plans
Contribution Deadline	Salary deferrals made on each pay period; employer contributions by tax filing deadline plus extensions	Tax filing deadline plus extensions	Salary deferrals withheld each pay period; employer contributions by tax filing deadline plus extensions
Contribution Limit/ Requirements	Employees can defer up to $14,000; $17,000 if age 50 or older; employer must match dollar for dollar up to 3% of compensation (can be lowered to 1% for two of every five years) OR 2% of compensation as a non-elective contribution	25% of compensation up to $61,000; approximately 20% for sole proprietors (due to self-employment deduction); PSP contributions are discretionary and MPP contributions are required by percentage specified in plan document	Employees can defer up to $20,500; catch-up contributions of $6,500 if age 50 or older; employer contribution of 25% of compensation; total combined employer and employee contributions cannot exceed $61,000 (excludes catch-up contribution); long-tenured catch-up contribution for employees of 15 years or more with same employer
Who Contributes	Employee and Employer	Employer	Employee and Employer
Maximum Employee Eligibility Requirements	Earned at least $5,000 during any two prior years and is expected to earn at least $5,000 in current year; may exclude union employees and nonresident aliens; no age limit restriction	Age 21 or older, worked one year (or two years if 100% immediate vesting); may exclude union employees, nonresident aliens and employees who work less than 1,000 hours per year[3]	Generally, all employees
Vesting	100% for both employee and employer contributions	Vesting schedule allowed	100%
Distributions	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 two years of participation); minimum distributions required at 72. Exceptions to 10% penalty may apply.[1] The distribution, which is still subject to tax, may be repaid to the retirement account.	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 10% penalty tax, in addition to ordinary income tax; minimum distributions may be required at 72. Exceptions to 10% penalty may apply.[4] The distribution, which is still subject to tax, may be repaid to the retirement account.	Distributions can only be taken with a triggering event such as death, permanent disability, attainment of 59½, separation from service or 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; minimum distributions may be required at 72. Exceptions to 10% penalty may apply.[4] The distribution, which is still subject to tax, may be repaid to the retirement account.
Loan Features	Not available	Allowed	Allowed
Plan Administration	None	IRS Form 5500 and other ERISA requirements[5]	IRS Form 5500 and other ERISA requirements if subject to ERISA[5]

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[2] Employer may make matching or discretionary contributions within an ERISA 403(b); ERISA 403(b)s are subjected to ERISA requirements.
[3] Long-term part time employees (those who work 500 or more hours in at least three consecutive years beginning 01-01-2021) may contribute to the plan
[4] For example, new parents may withdraw up to $5,000 from a retirement account within a year of a child's birth or adoption without a 10% penalty tax.
[5] Owner-only plans are not required to file IRS 5500 until assets reach $250,000 or terminate. LPL Financial does not provide tax advice. Please consult your tax advisor.

2022	401(k)/Roth 401(k)	Safe Harbor 401(k)/ Roth Safe Harbor 401(k)	Individual K/ Roth Individual K
Plan Features	Employee-funded with possible employer contribution; allows restricted coverage; allows control over when the money will be withdrawn; may allow for loans	Employee- and employer-funded; allows employers to maximize contributions made by highly compensated employees; mandatory employer contributions; no ADP/ACP discrimination testing	Employee- and employer-funded; allows control over when the money will be withdrawn; may allow for loans; designed specifically for owner-only businesses
Who May Establish	Sole proprietors, partnerships, corporations, nonprofits	Sole proprietors, partnerships, corporations, nonprofits	Employer-only businesses including sole proprietors, partnerships, corporations, and nonprofits (may employ spouse)
Establishment Deadline	Tax filing deadline plus extensions. Plans with employee deferrals must be established by December 31.	October 1	Tax filing deadline plus extensions. Plans with employee deferrals must be established by December 31.
Contribution Deadline	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
Contribution Limit/ Requirements	Employees can defer up to $20,500; catch-up contributions of $6,500 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 $61,000 (excludes catch-up contribution)	Employees can defer up to $20,500; catch-up contributions of $6,500 if age 50 or older; employer typically 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 $20,500; catch-up contributions of $6,500 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 $61,000 (excludes catch-up contribution)
Who Contributes	Employee and Employer	Employee and Employer	Individual
Maximum Employee Eligibility Requirements	Age 21 or older, worked one year; may exclude union employees, nonresident aliens and employees who work less than 1,000 hours per year[3]	Age 21 or older, worked one year; may exclude union employees and nonresident aliens; may not exclude employees due to minimum hours or last-day rules	N/A
Vesting	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
Distributions	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 10% penalty tax, in addition to ordinary income tax; minimum distributions may be required at 72. Exceptions to 10% penalty may apply.[4] The distribution, which is still subject to tax, may be repaid to the retirement account.	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 10% penalty tax, in addition to ordinary income tax; minimum distributions may be required at 72. Exceptions to 10% penalty may apply.[4] The distribution, which is still subject to tax, may be repaid to the retirement account.	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 10% penalty tax, in addition to ordinary income tax; minimum distributions may be required at 72. Exceptions to 10% penalty may apply.[4] The distribution, which is still subject to tax, may be repaid to the retirement account.
Loan Features	Allowed	Allowed	Allowed
Plan Administration	IRS Form 5500 and other ERISA requirements[5]	IRS Form 5500 and other ERISA requirements[5]	IRS 5500 EZ when plan assets reach $250,000

[2] Employer may make matching or discretionary contributions within an ERISA 403(b); ERISA 403(b)s are subjected to ERISA requirements.
[3] Long-term part time employees (those who work 500 or more hours in at least three consecutive years beginning 01-01-2021) may contribute to the plan
[4] For example, new parents may withdraw up to $5,000 from a retirement account within a year of a child's birth or adoption without a 10% penalty tax.
[5] Owner-only plans are not required to file IRS 5500 until assets reach $250,000 or terminate. LPL Financial does not provide tax advice. Please consult your tax advisor.

TAX DEDUCTIBILITY OF IRA CONTRIBUTIONS

Tax Deductibility of IRA Contributions (Tax Year 2022) for Participants in Employer-Sponsored Retirement Plans

- IRA contributions are fully deductible if neither you nor your spouse participates in an employer-sponsored retirement plan such as 401(k), 403(b), or pension plan.
- **Deductibility is limited** if you or your spouse participates in an employer-sponsored retirement plan. Refer to the chart below to determine if your modified adjusted gross income affects the amount of your deduction.

Filing Status	Modified Adjusted Gross Income	Allowable Deduction
Single or Head of Household	$68,000 or less	A full deduction up to the amount of your contribution limit
	More than $68,000 but less than $78,000	A partial deduction
	$78,000 or more	No deduction
Married Filing Jointly or Qualifying Widow(er)	$109,000 or less	A full deduction up to the amount of your contribution limit
	More than $109,000 but less than $129,000	A partial deduction
	$129,000 or more	No deduction
Married Filing Separately	Less than $10,000	A partial deduction
	$10,000 or more	No deduction

If you file separately and did not live with your spouse at any time during the year, your IRA deduction is determined under the "Single" filing status.

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.

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