

Summary of Tax-Preferred Retirement Accounts/Plans

Retirement Plan or Account Type	What is it?	Authorized Under
Pension or traditional defined-benefit plan	Employer-based retirement plan that promises retirees a certain benefit upon retirement, regardless of investment performance.	Section 401(a) of the Internal Revenue Code
401(k) plan	Defined-contribution plan that allows employees to contribute to their accounts from their salary or wages on a pre-tax basis (with earnings tax-exempt until withdrawal). Employers may or may not contribute.	Section 401(a) of the Internal Revenue Code
SIMPLE 401(k)	401(k)-type plan available only to small businesses.	Section 401(a) of the Internal Revenue Code
501(c)(18)	401(k)-type plan offered mostly by unions. Had to be set up prior to June 1959; now largely obsolete.	Section 501(c)(18) of the Internal Revenue Code
403(b) plan	Tax-sheltered annuity or custodial account plan offered by certain tax-exempt organizations and public educational institutions. Many are salary reduction plans that look like 401(k)s.	Section 403(b) of the Internal Revenue Code
457 plan	401(k)-type plan offered by state and local governments and non-profit organizations	Section 457 of the Internal Revenue Code
Federal Employee Thrift Savings plan	401(k)-type plan offered by the federal government to its employees.	Section 8439 of Title 5 of the US Code
Keogh plan	Informal term for retirement plans available to self-employed people.	Section 401(a) of the Internal Revenue Code
Individual Retirement Account (IRA)	Vehicle for tax-deferred retirement saving controlled by individuals rather than employers. Many IRAs were previously employer-based accounts that individuals converted into an IRA when they left their job.	Section 408 of the Internal Revenue Code
Roth IRA	Similar to an IRA but with different income limits and tax treatment.	Section 408(A) of the Internal Revenue Code
SIMPLE IRA	Employer-based IRA available only to small businesses.	Section 408 of the Internal Revenue Code
Simplified Employer Plan	Employer-sponsored plan available only to small businesses; allows employers to contribute to employee accounts that essentially function as IRAs.	Section 408 of the Internal Revenue Code
Profit Sharing Plan	Employer-based defined-contribution plan under which employer contributions may (but need not) be linked to profits. May provide 401(k) accounts.	Section 401(a) of the Internal Revenue Code
Cash Balance Plans	Employer-based hybrid plan that combines features of defined-benefit and defined-contribution plans.	Section 401(a) of the Internal Revenue Code