Personal & Business Retirement Plan Options:

US & Canada

Personal (not through an employer) Accounts

Traditional IRA (US) (RRSP)

- 2021 max contribution - $6,000
  - $7,000 if age 50 or older (catch-up)
  - Tax deductible contributions
  - Forced withdrawals @ age 72

Roth IRA (US)

- 2021 max contribution - $6,000
  - $7,000 if age 50 or older (catch-up)
  - After-tax contributions
  - Earnings not taxed at retirement
  - No forced withdrawals

TFSA (Tax Free Savings Acct) Canada

- 2021 max contribution – $6,000
  - After Tax Contributions
  - Earnings not taxed at retirement
  - Has a carry-over provision

Employer Sponsored Retirement Plans

401k (US)

- Both Traditional & Roth contribution options
- matching always Traditional
- 2021 Contribution Limits - $19,500
- $26,000 if age 50 or older
  - ($6,500 catch-up)
- Forced withdrawals at age 72

403b & 457b-Deffered Comp. (US)

- Same contribution limits as 401k
- No Roth options
- Forced withdrawals at age 72

RRSP (Registered Retirement Savings Plan) Canada

- Pre-tax contributions only
- 2021 Contribution Limits – 18% of Income up to a maximum of $27,830
- At age 71 you must either:
  1. Cash out your account
  2. Buy an Annuity
  3. Convert to an RRIF
  4. OR do any combination above

Self Employed/Small Business Plans (US)

SEP IRA

(Self Employed Person IRA)

- Contribution Limit: 25% of comp. or $58,000 whichever is LESS
- No catch-up provision
- Employer ONLY contributions

SIMPLE IRA

(Savings Incentive Match Plan for Employees)

- Contribution Limit: $13,500 under age 50
  - $3,000 catch-up 50 & older
- Can contribute 100% of salary
- Flexible matching options
- Employer AND employee contributions

Options For Your Retirement Plan Assets

- **Rollover** is a tax-free transfer to another retirement plan.
  - Rollover to another company's retirement plan
  - A rollover to an IRA (LIRA or LIF in Canada)
- **No changes**
  - You may be able to leave your account balance in your former retirement plan
  - Not all employers allow this
- **Lump Sum Distribution** allows you to cash out your account in full with a single payment
  - You will owe taxes and may have to pay tax penalties if you take money out before the age of 59½.

Advantages to Rolling Over to an IRA

1. More Investment Choices & Control
   1. Mutual funds

      Not limited to funds in your old plan
   2. Annuities

      “Personal Pension” and other guarantees
   3. Managed Accounts

      Access to multiple managers, ETF’s, SMA’s, etc.
2. Personalized Guidance from an Advisor
3. Roth Conversion options

College Plans Canada

RESP (Registered Education Savings Plan)

- Sponsored by the Canadian government.
- Contributions build tax-free earnings for paying for higher education.
- In addition to parental contributions, the government contributes a certain amount to these plans for children under age 18.
- Lifetime contribution limit of $50,000 per beneficiary
- If a child doesn't pursue an approved post-secondary education training program within 36 years of opening the account, the government can request the grant money back.
- There are penalties and income tax incurred on investment earnings that are withdrawn from an RESP and not used for college or vocational school.

College & Minor Plans USA

College Savings Plans - USA

529

- Tax Free growth if used for Education Expenses
- $15,000/year max contribution per contributor
- Can front load up to 5 years
- Can be used for K-12 expenses as well
- Child is the beneficiary, not the owner (unless and adult)
- No age limit on contributions

Coverdell ESA (Education Savings Account)

- Tax Free growth if used for Education Expenses
- $2,000/year max contribution per child
- Can be used for K-12 expenses as well
- Child is the beneficiary, not the owner
- Must be used by age 30
- Contributions can only be made until age 18

UGMA/UTMA

(Uniform Gift/Transfers to Minors Account)

- The assets belongs to the child – cannot change beneficiaries
- The custodian can only use the funds for the child’s benefit
- The child has full access to the account at their Age of Majority