

Retirement Plan Breakdown

Type of Plan	Maximum Contribution	Maximum Deduction	Withdrawals
SEP IRA	Smaller of \$45,000 or 25% of compensation. Self Emp individuals are limited to lesser of \$45,000 or 20%	2006 - Lesser of 25% of compensation or \$15,000 2007 - Lesser of 25% of compensation or \$15,500	Taxed at ordinary income rate after age 59 1/2. Before 59 1/2, taxed at ordinary income rate plus 10% penalty.
SIMPLE IRA	Salary reduction contribution up to \$10,500 ER can additionally contribute \$ for \$ up to 3% of salary, or 2% fixed non-elective contributions of salary. \$2,500 catch up if over 50	Same as maximum contribution.	Taxed at ordinary income rate after age 59 1/2. Before 59 1/2, taxed at ordinary income rate plus 10% penalty.
401k	2006 - Smaller of 100% of salary or \$44,000 \$5,000 catch up over age 50 2007 - \$45,000 is limit \$5,000 catch up over age 50	2006 - Lesser of 25% of compensation or \$15,000 2007 - Lesser of 25% of compensation or \$15,500	Taxed at ordinary income rate after age 59 1/2. Before 59 1/2, taxed at ordinary income rate plus 10% penalty. Loans may be permitted.
Roth IRA	2006 - \$4,000 Additional contribution of \$1,000 if over age 50 2007 - \$4,000 Additional contribution of \$1,000 if over age 50	No deduction. 2007 - Phase out of AGI deductibility begins at \$99,000 and stops at \$114,000 for singles and \$156,000 to \$166,000 for couples.	Contributions are withdrawn tax free. Withdrawals of earnings before 59 1/2 are Taxed at ordinary income plus 10% penalty. After 59 1/2 withdrawals are tax free.
Traditional IRA	2006 - \$4,000 Additional contribution of \$1,000 if over age 50 2007 - \$4,000 Additional contribution of \$1,000 if over age 50	2007 - Phase out of AGI deductibility begins at \$52,000 and stops at \$62,000 for singles and \$83,000 to \$103,000 for couples.	Taxed at ordinary income rate after age 59 1/2. Before 59 1/2, taxed at ordinary income rate plus 10% penalty.

This information was provided by Karl Klingmann of Penn Rise Benefits, Inc. For more information, contact him at 610-269-8363. Visit us on the web at www.pennrisebenefits.com.

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