



# ED SLOTT'S IRA ADVISOR

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## TAX & ESTATE PLANNING FOR YOUR RETIREMENT SAVINGS

### Contributing to Multiple Retirement Plans

“Can my client contribute to more than one type of retirement plan/account? And if so, how much can I put into each?” These are questions advisors face on a regular basis that often have no easy answer. Thankfully, now they do. We would like to thank Denise Appleby, CISP, CRC, CRPS, CRSP, APA, Appleby Retirement Consulting for providing us with the chart used in this issue. We have collaborated with Denise over many years to come up with what we feel is the definitive chart for helping you to answer the questions outlined above.

This information is critical for many clients. When clients have access to more than one retirement plan, knowing how much they can contribute to all their plans has an impact on what they ultimately have saved for their retirement. When they are not aware of the limits, they may under contribute or, conversely, may over contribute. Neither of those options is a good one.

Catch-up contributions, which vary by plan, are not included in the chart.

We have also included an overview of the controlled group rules on page 7.

Many clients do not realize that if they own and operate more than one company or business, that all of their businesses may need to be covered by the same plan. Not complying with this rule can have serious consequences for all of the employees in all of the companies, as well as for the employers.

When errors are made in operating any of these plans, the business owner should consult with a professional or look on the IRS website for the correct procedures to fix the mistake. What seems like the logical action often is not the right way to correct an error and may compound problems with the plan. The IRS has self-correction procedures for minor problems, as well as other procedures for which a fee may be required to effect a correction. You can find correction procedure information as well as other employer plan information here: <https://www.irs.gov/Retirement-Plans>

One other note; all employer plans must have adopted a plan agreement. This is true when the owner is the only employee, as well as when there are other employees covered by the plan. ■

### WHAT'S INSIDE?

- Contributing to Multiple Retirement Plans* - Page 1
- Traditional IRA* - Page 2
- Roth IRA* - Page 2
- SEP IRA* - Page 3
- SIMPLE IRA or SIMPLE 401(k)* - Page 3
- Profit Sharing and/or Money Purchase Pension Plan* - Page 4
- 401(k) Plan/Roth 401(k)* - Page 4
- 403(b) Plan/Roth 403(b)* - Page 5
- 457(b) Plan/Roth 457(b)* - Page 5
- Traditional IRA Contribution Deduction Eligibility* - Page 6
- Roth IRA Contribution Eligibility* - Page 6
- Additional Notes About the Charts* - Page 6
- Three Types of Controlled Groups* - Page 7

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SEE PAGE 8 FOR MORE DETAILS ►