# ACCOUNT OPTIONS FOR INDIVIDUALS 2021

| Individual or Joint Taxable Account/Non-Qualified | IRA/Roth IRA | SEP IRA | 401(k) / Individual (k) | Annuities |
|---|---|---|---|---|
| ***Who Participates*** | | | | |
| These accounts can have a single owner or multiple owners. No beneficiary is required to be designated. | These accounts are specifically for retirement and always have just a single owner. A beneficiary will be designated at the time of account opening. | SEP = Simplified Employee Pension Business owners and their few employees, likely less than 20. | Business owners and any number of employees. An Individual (k) is for the business owner and their spouse if both employees. | These accounts typically have a single owner and a beneficiary is designated. They can be retirement/qualified accounts or they may be taxable/non-qualified accounts. |
| ***Who Funds the Account*** | | | | |
| Contributions can happen at any time and any amount, by anyone. | The account owner makes contributions. Rollover IRA transfers from another retirement account can only be made once a year. Conversions from a 401(k) or Traditional IRA into a Roth IRA are allowed after all applicable taxes are paid. Accounts grow tax-deferred in an IRA and tax-free in a Roth IRA. | Only the employer can contribute. Accounts grow tax-deferred. | The employer and employee can both contribute. Accounts grow tax-deferred. | An individual or employer can contribute. Qualified and non-qualified annuities grow tax-deferred. |
| ***How to Fund the Account*** | | | | |
| There are no pre-tax or tax deductible contributions allowed. The account's income and gains produced by investments are taxable at the time they are realized, even if you do not take a withdrawal from the account. | Account owners can contribute up to $6,000 per year in 2021, and if over the age of 50 owners can contribute up to $7,000 per year (income limits apply). Account owners can deduct contributions to a traditional IRA if they are below the IRS income limits. | The employer can contribute pre-tax up to 25% of pay or a maximum of $58,000 per year. The same percent contribution must apply to every eligible employee. | An employee can contribute pre-tax up to $19,500 ($26,000 if over age 50) per year. The employer can choose what percent matching but total contributions for matching and profit-sharing cannot be greater than $58,000 or $64,500 for an employee over 50. | Qualified annuities are subject to the contribution rules of an IRA or the 401(k) Plan it was created for. Non-qualified or taxable annuities have no maximum contribution rules. |
| ***Distributions and Penalties*** | | | | |
| Withdraws are allowed at any time and any amount. Federal income tax and capital gains taxes will apply. No required distribution is needed after age 72. | Withdraws are allowed at any time, but a 10% penalty may apply if you are under age 59 1/2. Normal federal income taxes will also apply. After age 72 owners will be required to take a minimum withdrawal each year. For a Roth IRA, the account must be opened at least 5 years for there to be no taxes on distributions after 59 1/2 and no required minimum distributions apply. | Withdraws are allowed at any time, but a 10% penalty may apply if you are under age 59 1/2. Normal federal income taxes will also apply. After age 72 account owners will be required to take a minimum withdrawal each year. | Withdraws are allowed at any time, but a 10% penalty may apply if you are under age 59 1/2 and you do not meet the hardship definition. Normal federal income taxes will also apply. After age 72 account owners will be required to take a minimum withdrawal each year. | Distrubutions may be lump sum or as monthly payments. There is a 10% tax penalty plus federal income or gains taxes on distributions before age 59 1/2. The annuity company will also charge a surrender fee on early distributions. After age 72 qualified annuity owners will be required to take annual distributions. |
| ***Costs Associated with the Plan*** | | | | |
| Advisory fees, custodial fees, and mutual fund/investment fees<br>$ | Advisory fees, custodial fees, and mutual fund/investment fees<br>$ | Advisory fees, custodial fees, and mutual fund/investment fees<br>$ | TPA, recordkeeper, advisory fees, custodial fees, and mutual fund/investment fees<br>$$ | TPA, recordkeeper, actuary, auditor, advisory fees, custodial fees, and mutual fund/investment fees<br>$$ |

**Cox Global Associates works with many large global firms as partners to deliver the best solution for you and your employees.**

Service providers and investment managers include:

axiom Integrated Advisor Solutions — John Hancock — Vanguard — Dimensional — Capital Group | American Funds — Fidelity — J.P.Morgan Asset Management

Provided courtesy of

COX GLOBAL ASSOCIATES INC.

Registered Investment Advisor

1260 Pin Oak Rd. Ste 204 || Katy, TX 77494

281-395-8300

| Types of Service Providers | |
|---|---|
| **Provider** | **Description** |
| Financial Advisor | A financial consultant who advises on the investment selection and monitoring for an account. They make recommendations on asset allocation strategies and retirement planning. Fees may be a percent of assets or taken as fee collected on trading transactions. |
| Mutual Fund Company | A registered investment advisor firm that manages a mutual fund, or pool of assets. Brokerage accounts offer a variety of mutual funds that invest in different investment securities and have different risk levels. Mutual funds charge a percent fee based on the assets within the fund. |
| Custodian | A custodian is a firm responsible for the safe keeping of assets and executing transactions within an account. Custodians may charge a flat fee or a percent of assets. |

TPAs, recordkeepers, actuaries and an auditors are hired by plan sponsors not individuals. These service providers help a company manage their retirement plan.