

# 2022 Employer Sponsored Retirement Plans Guide

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IRAs & Roth IRA Contributions

Employer Sponsored Retirement Plans

Secure Act 2022

## IRA Contributions

|  | 2021    | 2022    |
|--|---------|---------|
| Traditional & Roth                       | \$6,000 | \$6,000 |
| Catch-up Contribution (Age 50 and older) | \$1,000 | \$1,000 |

## Traditional IRA Deduction Phase Outs

*Active participants (active participant in a qualified plan)*

|                      | 2021                | 2022                |
|----------------------|---------------------|---------------------|
| Single or Head of HH | \$66,000-\$76,000   | \$68,000-\$78,000   |
| MFJ                  | \$105,000-\$125,000 | \$109,000-\$129,000 |
| MFS                  | \$0-\$10,000        | \$0-\$10,000        |

**Non-active participants** - full contribution is deductible (if married, neither spouse active)

**Spousal contributions** - If one spouse is an active participant, deductibility for non-active spouse phases out: \$193,000- \$203,000

## Retirement Plan Contribution Limits

|                                 | 2021     | 2022     |
|---------------------------------|----------|----------|
| 401k, 403b, 457 Salary Deferral | \$19,500 | \$20,500 |
| Defined Contribution Plan Limit | \$58,000 | \$61,000 |
| SEP IRA                         | \$58,000 | \$61,000 |
| Simple IRA                      | \$13,500 | \$14,000 |

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## Retirement Plan Tax Credit Limits

| Tax Credit               | Married Filing Jointly | Head of Household   | All Other Filers    |
|--------------------------|------------------------|---------------------|---------------------|
| 50% of your contribution | AGI ≤ \$41,000         | AGI ≤ \$30,750      | AGI ≤ \$20,500      |
| 20% of your contribution | \$41,001 - \$44,000    | \$30,751 - \$33,000 | \$20,501 - \$22,000 |
| 10% of your contribution | \$44,001 - \$68,000    | \$33,001 - \$51,000 | \$22,001 - \$34,000 |
| 0% of your contribution  | more than \$68,000     | more than \$51,000  | more than \$34,000  |

## Employer Retirement Plans

|   | 2021      | 2022      |
|---|-----------|-----------|
| Elective Deferrals 401k, 403b, 457            | \$19,500  | \$20,500  |
| Catch-Up 401(k), 403(b), 457 (Age 50 & older) | \$6,500   | \$6,500   |
| Highly Compensated Employee                   | \$130,000 | \$135,000 |
| Maximum Includable Compensation               | \$290,000 | \$305,000 |
| Annual Benefit Limit                          | \$230,000 | \$245,000 |
| Defined Contribution Plan Limit               | \$58,000  | \$61,000  |
| SEP Minimum Earnings Limit                    | \$650     | \$650     |
| SEP IRA Annual Addition Limit                 | \$58,000  | \$61,000  |
| Simple IRA Limit                              | \$13,000  | \$14,000  |
| Simple IRA Catch-up                           | \$3,000   | \$3,000   |

## Exceptions to the 10% penalty for distributions prior to age 59 1/2

|                                      | NQ Annuity | Qual Plans | IRAs |
|--------------------------------------|------------|------------|------|
| Death                                | X          | X          | X    |
| Disability                           | X          | X          | X    |
| SEPP 72(t)                           | X          | X          | X    |
| Medical Expenses (>7.5% AGI)         |            | X          | X    |
| Birth or Adoption of Child           |            | X          | X    |
| Age 55 & Separated From Service/QRDO |            | X          |      |
| College Expenses                     |            |            | X    |
| Health Ins. Prem. For Unemployed     |            |            | X    |
| Qual. 1st Time Homebuyer/Reservist   |            |            | X    |

## Named Fiduciaries

Under ERISA, a plan must name at least one fiduciary or provide a procedure for identifying a named fiduciary. Named fiduciaries usually include the plan sponsor, the plan trustee, and the plan administrator.

- Almost always a fiduciary
  - Oversees all the other fiduciaries
  - Duty to monitor the other fiduciaries & replace them if they are failing to do their responsibilities under ERISA
  - Prudently selects & monitors plan investments
- Plan Sponsor**
- Ensures that expenses paid by the trust are reasonable
  - Holds fiduciary liability & is overseen by the Plan Sponsor
- Plan Trustee**
- Responsible for overseeing plan operations
  - Can be a single person or consist of a retirement plan committee
  - Has fiduciary duties, liabilities & is overseen by the Plan Sponsor
- Plan Administrator**

## Fiduciary Service Providers

Named fiduciaries hire service providers to serve as plan fiduciaries for specific functions. This helps mitigate some of the liability. Fiduciary Service Providers fall under three categories:

- Shared fiduciary liability between the client & advisor for the plan investments
- 3(21) Co-Fiduciary**
- Recommends the selection & replacement of plan investment options, plan sponsor must approve changes
  - For plan sponsors that are comfortable assuming investment fiduciary liability
- 3(38) Investment Fiduciary**
- Majority of investment responsibilities are lifted from the plan sponsor & assumed by the 3(38) advisor
  - Advisor has discretion over the investment selection, monitoring & replacement of plan investment options
  - For plan sponsors that don't have the time or want the responsibility of the plan's investments
  - Signs the annual form 5500
- 3(16) Plan Administrator**
- Manages the day to day operations of the plan
  - Majority of fiduciary tasks & plan communications are their responsibility
  - 58 Plan Administrator Responsibilities

## Multiple Employer Plan 401(k) (MEP)

- Single 401(k) plan, adopted by a number of unrelated employers
- Considered a single plan under both IRS Tax Code & ERISA
- Single 5500 filed for plan

## Advantages of an MEP

- Reduced administrative work for employer
- Access to features typically only offered in larger company plans
- Lower fees via shared resources & economy of scale

## Advantages of an MEP (Cont.)

- Employee keeps more of their retirement savings
- Retirement savings can grow quicker
- Reduced fiduciary liability for employer
- Allows company to focus on their core business

## 58 Plan Fiduciary Responsibilities

1. Investment Manager Appointment
  2. 402(g) Limit Reporting
  3. 404(a)(5) Notice Distribution
  4. 404(c) Notice Distribution
  5. 408(b)(2) Notice Distribution
  6. Discrimination/Coverage Testing
  7. Fee Negotiations with Vendors
  8. Audit Completion Support
  9. Audit Firm Hiring & Monitoring
  10. Auto Enroll Notice Distribution
  11. Beneficiary Designation Maint.
  12. Beneficiary Determinations
  13. Blackout Notice Distribution
  14. Census Review
  15. Corrective Distributions
  16. Harship Withdrawal Approval
  17. Loan Approval & Reporting
  18. Loan Default Monitoring
  19. Loan Policy Administration
  20. Lost Earnings Calculations
  21. Assist Participant Enrollment
  22. Payroll Aggregation
  23. Payroll File Aggregation
  24. Plan Design Review
  25. Plan Document Interpretation
  26. Plan Document Prep & Archiving
  27. Plan Irregularity Notification
  28. QDIA Notice Distribution
  29. QDRO Review & Reporting
  30. Quarterly Investment Review
  31. Death Benefit Approval
  32. Distribution Reporting
  33. DOL & IRS Issue Resolution
  34. Eligibility Calculations
  35. Eligibility Notifications
  36. Employer Contribution Monitoring
  37. ERISA Bond Review
  38. Error Correction Monitoring
  39. Fiduciary Ins. Coverage Review
  40. Force Out Processing
  41. Form 5330 Preparation
  42. Prep, Sign & File Form 5500
  43. Prep, Sign, & File Form 8955
  44. Fund Change Notice Distribution
  45. Monitor & REport Rate Changes
  46. Required Minimum Distributions
  47. Safe Harbor Notice Distribution
  48. SAR Production & Distribution
  49. SMM Notice Distribution
  50. SPD Production & Distribution
  51. Spousal Consent Approvals
  52. Termination Date Verification
  53. Termination Date Maintenance
  54. Approve Termination Withdrawal
  55. Trustee Duties
  56. Vesting Verification & Tracking
  57. \*Upload Payroll Files
  58. \*Collect/Review Yr. End Data
- \*Tasks that may be completed by the current payroll company.**

## Secure Act 2022

**Startup Plan Tax Credit** \$5,000 / year for 3 years

**New Auto Enrollment Tax Credit** \$500 / year for 3 years

**IRS Filing Penalties** \$25 per day penalty for filing Form 5500 late or materially incomplete. Max penalty of \$150k per plan year.

**Part-time Retirement Plan Access** Beg. 2021, employees with at least 500hrs./week over previous 2 years will be eligible to participate in 401(k) plans.

**Auto-Enrollment Cap** 6% of employee annual earnings in first year. Up to 10% in 5th year of participation and thereafter.

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