**Retirement Accounts**

1. **401(k) -** In the [United States of America](http://en.wikipedia.org/wiki/United_States_of_America), a 401(k) plan allows a worker to save for retirement and have the savings invested while deferring current [income taxes](http://en.wikipedia.org/wiki/Income_tax) on the saved money and earnings until withdrawal. The [employee](http://en.wikipedia.org/wiki/Employee) elects to have a portion of his or her [wages](http://en.wikipedia.org/wiki/Wages) paid directly, or "deferred," into his or her 401(k) account (i.e., is a pension). This deferment is also known as a "contribution".

401(k) plans are mainly employer sponsored plans; the *employer* can, as a benefit to the employee, optionally choose to "match" part or all of the employee's contribution by depositing additional amounts in the employee's 401(k) account or simply offer a profit sharing contribution to the plan. In *participant-directed* plans (the most common option), the employee can select from a number of investment options, usually an assortment of [mutual funds](http://en.wikipedia.org/wiki/Mutual_fund) that emphasize [stocks](http://en.wikipedia.org/wiki/Stock), [bonds](http://en.wikipedia.org/wiki/Bond_(finance)), [money market](http://en.wikipedia.org/wiki/Money_market) investments, or some mix of the above. Many companies' 401(k) plans also offer the option to purchase the company's stock. The employee can generally re-allocate money among these investment choices at any time. In the less common *trustee-directed* 401(k) plans, the employer appoints trustees who decide how the plan's assets will be invested. The title "401(k)" references a section of the Internal Revenue Code.

1. **403(b)** plan is a [tax](http://en.wikipedia.org/wiki/Tax)-advantaged [retirement](http://en.wikipedia.org/wiki/Retirement) savings plan available for [public education](http://en.wikipedia.org/wiki/Public_education) [organizations](http://en.wikipedia.org/wiki/Organizations), some [non-profit](http://en.wikipedia.org/wiki/Non-profit_organization) employers (only [US Tax Code](http://en.wikipedia.org/w/index.php?title=US_Tax_Code&action=edit&redlink=1) 501(c)(3) organizations),Cooperative hospital service organizations and [self-employed](http://en.wikipedia.org/wiki/Self-employed) [ministers](http://en.wikipedia.org/wiki/Minister_of_religion) in the [United States](http://en.wikipedia.org/wiki/United_States). It has tax treatment similar to a [401(k)](http://en.wikipedia.org/wiki/401(k)) plan, especially after the [Economic Growth and Tax Relief Reconciliation Act of 2001](http://en.wikipedia.org/wiki/Economic_Growth_and_Tax_Relief_Reconciliation_Act_of_2001). Simply put, employee salary deferrals into a 403(b) plan are made before income tax is paid and allowed to grow tax deferred until the money is taxed as income when withdrawn from the plan. Beginning in 2006, 403(b) and 401(k) plans may also include designated [Roth](http://en.wikipedia.org/wiki/Roth_IRA) contributions, i.e., after-tax contributions, which, if certain requirements are met, will allow tax-free withdrawals. Primarily, the designated Roth contributions have to be in the plan for at least five taxable years.
2. **IRA -** [Traditional IRA](http://en.wikipedia.org/wiki/Traditional_IRA) - contributions are often tax-deductible (often simplified as "money is deposited before tax" or "contributions are made with pre-tax assets"), all transactions and earnings within the IRA have no tax impact, and withdrawals at retirement are taxed as income (except for those portions of the withdrawal corresponding to contributions that were not deducted). Depending upon the nature of the contribution, a traditional IRA may be referred to as a "deductible IRA" or a "non-deductible IRA."
3. [**Roth IRA**](http://en.wikipedia.org/wiki/Roth_IRA) - contributions are made with after-tax assets, all transactions within the IRA have no tax impact, and withdrawals are usually tax-free. Named for Senator [William Roth](http://en.wikipedia.org/wiki/William_Roth).
4. [**SEP IRA**](http://en.wikipedia.org/wiki/SEP_IRA)- a provision that allows an employer (typically a small business or self-employed individual) to make retirement plan contributions into a Traditional IRA established in the employee's name, instead of to a pension fund account in the company's name.
5. [**SIMPLE IRA**](http://en.wikipedia.org/wiki/SIMPLE_IRA) - a simplified employee pension plan that allows both employer and employee contributions, similar to a [401(k)](http://en.wikipedia.org/wiki/401(k)) plan, but with lower contribution limits and simpler (and thus less costly) administration. Although it is termed an IRA, it is treated separately.