

Saving For Your Retirement



START You have several options for saving for your retirement. How do you know what to do? Here's one common approach:

Contribute money to employer-sponsored plan when employer matches your contribution - get maximum match possible



Employer match is free money



Match grows tax deferred until withdrawn



You may forfeit match if you don't work for a given length of time

Remaining money →

Make voluntary contributions to employer-sponsored retirement plans



Dollars grow tax deferred until withdrawn*



Some plans allow pre-tax contributions resulting in an immediate tax savings



Systematic payments from your paycheck - you'll hardly notice



Investment choices might be limited

Remaining money →

Contribute to IRAs



Many investment options



Dollars grow tax deferred until withdrawal (qualified withdrawals from Roth IRAs are federal income tax free)



May or may not be tax deductible



Can contribute up to \$5,000 in 2008 and 2009**

Remaining money →

Other options: Annuities, Stock plans, Life insurance, Other investments (e.g. stock, mutual funds), Nonqualified deferred compensation, Salary continuation plans



Annuities, life insurance, and other options have unique tax advantages



Lower capital gains tax rates make some equity investments more attractive for retirement planning



Some options may be complex, and timing of taxable events may be difficult to control

KEY



Definite plus



Need more info



Potential disadvantage

* Employers can allow employees to make after-tax "Roth" contributions to the employer's 401(k) or 403(b) plan. Qualified distributions of these contributions and related earnings are tax free.

** Individuals age 50 and over may make additional \$1,000 IRA catch-up contributions.

