



# Savings for Retirement

# MONEY GROWS

If you start with a \$100 principal and add \$200 to your retirement account each month, how much can you save by the time you are 65?

If you start at age 25...

<b>Principal</b>	<b>\$100.00</b>
<b>Monthly Contributions</b>	\$200.00
<b>Years to Grow</b>	40
<b>Interest Rate (compounded annually)</b>	7%
<b>TOTAL</b>	\$480,621.71

If you start at age 45...

<b>Principal</b>	<b>\$100.00</b>
<b>Monthly Contributions</b>	\$200.00
<b>Years to Grow</b>	20
<b>Interest Rate (compounded annually)</b>	7%
<b>TOTAL</b>	\$98,776.15

Would you rather have less than \$100,000 or almost half a million dollars?!

# RETIREMENT VEHICLES: WHERE TO SAVE?\*

<p><b>Roth Individual Retirement Account (Roth IRA)</b></p> <ul style="list-style-type: none"><li>• You open the account</li><li>• Can contribute up to \$5,500 annually</li><li>• Not tax-deductible</li><li>• No employer match</li><li>• After-tax contributions (you do not pay taxes on the money when it is withdrawn)</li></ul>	<p><b>Traditional Individual Retirement Account (Traditional IRA)</b></p> <ul style="list-style-type: none"><li>• You open the account</li><li>• Can contribute up to \$5,500 annually</li><li>• Tax-deductible</li><li>• No employer match</li><li>• Pre-tax contributions (you are not taxed until the money is withdrawn)</li></ul>
<p><b>401(K)</b></p> <ul style="list-style-type: none"><li>• Your company offers the account</li><li>• Can contribute up to \$18,000 annually</li><li>• Tax-deductible</li><li>• Possible employer match</li><li>• Pre-tax contributions (you are not taxed until the money is withdrawn)</li></ul>	<p><b>401(B)</b></p> <ul style="list-style-type: none"><li>• If you work at a public school or a tax-exempt organization, your school or organization offers the account</li><li>• Tax-deductible</li><li>• Can contribute up to \$18,000 annually</li><li>• Possible employer match</li><li>• Pre-tax contributions (you are not taxed until the money is withdrawn)</li></ul>

# RETIREMENT VEHICLES: WHERE TO SAVE IF SELF-EMPLOYED?\*

## Simplified Employee Pension Individual Retirement Account (SEP IRA)

- You open the account. It functions as a traditional IRA for self-employed, like single-member businesses or freelance income
- Contributions are made by the employer, not employees
- Can contribute up to 25% (limit \$52,000) of net income
- Contributions are tax-deductible for your business
- Pre-tax contributions (you are not taxed until the money is withdrawn)

## Simple Individual Retirement Account (Simple IRA)

- Acts like a traditional IRA for small businesses that may have employees
- Contributions may be made by employees, but employers are required to contribute on behalf of employees
- Employee can contribute a percentage of salary up to \$12,500
- Employers must contribute 2% or a 1-to-1 match up to 3%
- Contributions are tax-deductible for the business
- Pre-tax contributions (you are not taxed until the money is withdrawn)