

BUILDING BLOCKS FOR RETIREMENT

Investment Strategy

A Gift for Your Future

Even if retirement is years away, what better gift could one receive this holiday season than income-tax savings and a potentially more secure future? All it takes is a bit of year-end planning.

Max Out Contributions

Increasing pretax contributions to your employer's retirement plan for the remainder of the year may decrease your 2017 income taxes. For 2017, you may be able to contribute up to \$18,000 to your 401(k) plan account. (Your retirement plan may have lower limits.) If you're age 50 or older, your plan may allow you to make an additional \$6,000 catch-up contribution, once you've made the maximum regular contribution. Contact human resources or visit your retirement plan's website to increase the percentage of pay you're contributing.



If you're eligible to make deductible contributions to a traditional individual retirement account (IRA), contribute the full amount allowed. You'll improve your retirement outlook and potentially cut taxes. The maximum IRA contribution for 2017 is \$5,500 — \$6,500 for those age 50 and older. Your financial and tax professionals can give you more details.

Investigate the Saver's Credit

Depending on your income, you may be able to claim a tax credit for some of your retirement account contributions. The credit is a percentage — 50%, 20% or 10% — of up to \$2,000 in qualified retirement account contributions for a maximum credit of \$1,000 (\$2,000 on a joint return where the contribution for each spouse is \$2,000). The percentage depends on your adjusted gross income and filing status. Check with your financial and tax professionals to see if you qualify. If you do, contribute at least enough in 2017 to get your full tax credit.

Now Versus Later

Being serious now about investing for retirement might mean rethinking some holiday purchases. You don't want to rack up credit card debt you can't pay off right away, especially if the credit card payments would prevent you from continuing your higher retirement plan contributions in 2018. Foregoing a gift or two isn't really a problem. Not having enough money in your retirement plan account for a comfortable retirement might very well be.

This material is provided solely for informational purposes and does not constitute investment, tax, legal or accounting advice on the matters addressed. Neither Pentegra Services, Inc., its subsidiaries, nor any of their respective employees intend that this material should be relied on as investment advice, which should be sought from a professional advisor. Performance information shown reflects past performance and does not indicate or guarantee future investment results. Current and future results may be lower or higher than those shown. ©2018 Pentegra Retirement Services



701 Westchester Ave, Suite 320E, White Plains, New York, 10604