

Growing Your Money Tax Deferred



401(k): Employer sponsored retirement plan that allows you to make pretax contributions to a number company picked investments. Upon leaving your company, it is suggested to 'roll' the account into an IRA. The maximum contribution limit in 2018 is \$18,500 and an additional \$6,000 if over the age of 55.



403(b): Identical to a 401(k) plan but it is sponsored by public education organizations and some non-profits. The maximum contribution limit in 2018 is \$18,500 with an additional \$6,000 if over the age of 55.



Traditional IRA: A retirement account that is contributed to pre-tax and grows tax deferred. Taxes are assessed upon withdrawal at ordinary income rates. The maximum contribution limit in 2018 is \$5,500 plus an additional \$1,000 if over the age of 55.



SEP IRA: A Simplified Employee Pension plan allows business owners to contribute toward their employees' retirement as well as their own. This plan is designed for self-employed individuals or small businesses. Contributions are tax-deductible for the business or individual, and go into an account set up like a traditional IRA. For business owners, the contribution limit is maxed out at 25% of income or a total of \$55,000, whichever is less.



SIMPLE IRA: A Savings Incentive Match Plan for Employees will allow both employees and employers to contribute to Traditional IRAs set up for the employees. The amount the employee contributes cannot exceed \$12,500. The employer is generally required to match the employee's contributions dollar-for-dollar up to 3%.