

Saving for RETIREMENT

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**MONEY
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RETIREMENT SAVINGS OPTIONS

Traditional IRAs, Roth IRAs and 401(k)s are all products designed to be an incentive to save up for retirement. These accounts act as containers for your investments. Inside them, your money can grow and accumulate tax-free.

Each account type works a little differently:

TRADITIONAL IRA

- Set up at a financial institution
- **\$6,000** annual contribution limit
- Contributions are **pre-tax**
- Contribution amounts may be deducted from your income tax
- **Withdrawals in retirement are taxed** as ordinary income

TRADITIONAL IRAs

Because these accounts are self-directed, you can choose from a wide range of investment options.

ROTH IRA

- Set up at a financial institution
- **\$6,000** annual contribution limit
- Contributions are **after-tax**
- Contribution amounts cannot be deducted from your income tax
- **Withdrawals in retirement are tax-free**

ROTH IRAs

Roth IRAs may not give you tax breaks on your contributions, but the fact that you don't pay taxes on qualified withdrawals is a huge perk.

401(k)

- Set up through your employer
- **\$19,000** annual contribution limit
- Contributions are **pre-tax**
- Contribution amounts come from directly from your salary
- **Withdrawals in retirement are taxed** as ordinary income

401(k)s

If your employer offers company match (free money!) on your 401(k) contributions, take advantage of it. Be aware that 401(k) plans tend to have more limited investment options.

PICTURE YOUR RETIREMENT

Have you ever thought about what you want your retirement to look like?

It's hard to do (especially if your retirement is *decades* away), but designing the life you want can be motivating.

Do you envision...

- ➔ Traveling the world?
- ➔ Pursuing a passion?
- ➔ Living the simple life?
- ➔ Settling in a new city?



Why do they call it a "nest egg"?

You may have seen retirement savings being referred to as a "nest egg." The term is at least 300 years old and describes savings set aside for a later use. It is likely derived from the farmers' practice of putting eggs into hens' nests as a way to induce more egg-laying. It's a weird analogy, but the term has stuck around to this day!

The chart above is a simplified guide. Full details and exceptions are not listed here. To learn more, visit the [IRS.gov](https://www.irs.gov) website or talk to your credit union.

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