

Sample article for organizations and employers (362 word count)

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Catching up on your retirement savings

If you will be 50 or older by the end of the year, you may be able to contribute more money every year to your employer-sponsored retirement plans and your individual retirement arrangements (IRAs). Contributing more money not only helps you save more for your retirement but also will reduce your taxable income if you make pre-tax contributions to your plan or deductible contributions to your IRA.

Employer-sponsored retirement plans

Plans that permit you to contribute from your wages may allow an age-50 catch-up contribution. This means you may contribute additional amounts to the plan every year starting with the year in which you turn 50. For 2013, you may be able to contribute the lesser of 100 percent of your compensation or:

- \$23,000 (\$17,500 plus an additional \$5,500 of catch-up contributions) to 401(k), 403(b) and governmental 457(b) plans; or
- \$14,500 (\$12,000 plus an additional \$2,500 of catch-up contributions) to SIMPLE plans.

If you contribute to the plan on a pre-tax basis, the contribution is not subject to federal income tax.

IRAs

If you will be 50 or older by the end of the year, you may also be able to contribute additional amounts every year to your IRA. For 2013, you can contribute the lesser of your taxable compensation or \$6,500 (\$5,500 plus an additional \$1,000 of catch-up contributions). This limit applies to the combined contributions to all your traditional and Roth IRAs. Here are a few things to remember about making IRA contributions:

- You can't contribute to a traditional IRA starting with the year in which you are 70½ years old (you can contribute to a Roth IRA regardless of your age). Amounts you contribute to a traditional IRA after you are 70 ½ years old are excess contributions and incur a 6% tax per year as long as the excess amounts remain in the IRA.
- Your ability to deduct contributions to a traditional IRA may be [limited](#) if you or your spouse is covered by a retirement plan at work and your income exceeds certain limits.
- Your ability to contribute to a Roth IRA may be [limited](#) based on your filing status and income.

NOTE TO EDITOR: Below are helpful resources on retirement plans and IRAs on [IRS.gov](#).

- [Retirement Topics: Contributions](#) – lists contribution limits for common types of retirement plans and explains the types of contributions that can be made to the plans.
- [Retirement Topics: IRA Contribution Limits](#) – explains contribution limits for traditional and Roth IRAs, deduction limits for traditional IRA contributions and tax on excess IRA contributions.
- [Publication 590, Individual Retirement Arrangements \(IRAs\)](#) – explains who can contribute to IRAs, contribution and deduction limits and tax on distributions.
- [Traditional and Roth IRAs](#) – chart with a side-by-side comparison of common features of these types of IRAs.

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