

Sample article for organizations to use in reaching employees and other taxpayers

Customize and provide the following helpful retirement savings information in your communication vehicles.

Maximize your Retirement Savings in 2012

Does your employer's retirement plan allow you to make contributions from your salary? If so, you are likely being asked to complete a salary deferral form (salary reduction agreement) now to indicate the amount you want to contribute to the plan from your salary in 2012.

To maximize your retirement savings, contribute up to the 2012 allowed limits. The 2012 limits are:

- \$17,000 to 401(k) or 403(b) plans
- \$11,500 to SIMPLE plans

If you are 50 or older by the end of 2012, your plan may allow you to make additional (catch-up) contributions of:

- \$5,500 to 401(k) or 403(b) plans
- \$2,500 to SIMPLE plans

Remember, in addition to saving more for your retirement, there are other benefits in making salary deferral contributions to a plan. For example:

- you may reduce your taxable income by making pre-tax contributions;
- your employer may match your contributions to the plan (*for instance*, your employer may contribute 50 cents for each dollar that you contribute to the plan, up to a certain amount); and
- you may qualify for the retirement savings contribution credit of up to \$1,000 (up to \$2,000 if filing jointly) for contributing to the plan, which may reduce your federal income tax liability.

If you decide to contribute less than the maximum allowed amount from your salary at this time, you may be able to increase your contributions by completing a new salary deferral form during 2012.

Contact your employer for details about the retirement plan, including how much you can contribute from your salary, whether the employer also makes contributions on your behalf and whether you can change the amount of your contributions to the plan in 2012.

NOTE TO EDITOR: Below are links to helpful retirement information on IRS.gov.

- [Tax Information for Plan Participant/Employee](#) – resources and information on life events that can affect retirement savings and definitions.
- [Types of Plans](#) – information about common types of retirement plans.
- [Retirement Plan FAQs: Contributions](#) – information about retirement plan contributions.
- [Publication 4703, Retirement Savings Contributions Credit](#) – details about the credit, including who qualifies to take the credit and the amount and benefits of the credit.