

Sample article for organizations to use in reaching employees and other taxpayers (353 word count)

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

Are you taking full advantage of your employer's match?

Does your company's retirement plan offer matching contributions? If yes, make sure you don't miss the opportunity to increase your retirement savings.

What are matching contributions?

They are contributions from your employer made to your plan account, but only if you contribute to the plan. Most SIMPLE IRA and 401(k) plans offer matching contributions. If matching contributions are available, the plan document will state the conditions for receiving the matching funds. A typical 401(k) plan matching formula is 50% of your contributions up to 5% of your annual salary up to \$250,000 of a person's salary. (this is the amount for 2012; it may increase for [cost-of-living adjustment](#) in future years.)

Example one: You contribute \$1,200 from your \$30,000 annual salary to your company's 401(k) plan. Your employer's 50% match on your contributions up to 5% of your salary means an additional \$600 added for the year to your retirement account.

Example two: You contribute \$2,000 from your \$30,000 annual salary to your company's 401(k) plan. Your employer's 50% match on your contributions up to 5% of your salary means an additional \$750 added for the year to your retirement account (because only 5% of \$30,000, or \$1,500, of your salary is matched, the most you can get on a \$30,000 salary is \$750.)

How do I receive matching contributions?

You must participate and contribute to the plan. Generally, the more you contribute to the plan, up to the annual limits, the more you receive in matching contributions.

What are the benefits of getting matching contributions?

Matching contributions not only help to increase your retirement savings, they:

- don't reduce the maximum amount you can contribute to the plan from your salary,
- grow tax-free while in the plan, and
- are only taxable when withdrawn from the plan.

How do I find out about my plan's matching contributions?

If you are eligible to participate in your employer's plan, you will have received a summary plan document describing the matching formula and how much you have to contribute to fully benefit from the match. Contact your Human Resources office if you have questions.

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

- Retirement Topics: [Contributions](#) – information on the different types of contributions, including matching contributions, to retirement plans.
- [Publication 560](#), *Retirement Plans for Small Business (SEP, SIMPLE, and Qualified Plans)* – information on common retirement plans.