

## Sample article for organizations to use in reaching employees (word count 332)

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

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### Types of contributions you can make to a Retirement Plan

If you participate in an employer-sponsored retirement plan, you may have choices on the types of contributions you can make from your wages to the plan. Here's a brief explanation of the different types of contributions:

- **Pre-tax elective deferrals** – You don't include these amounts in your gross income in the year that you make the contributions. For example, if you direct your employer to contribute \$2,000 from your \$30,000 salary in 2012, you only include \$28,000 in income. You have to include these contributions, plus any earnings, in your income when you withdraw them from the plan.
- **Designated Roth contributions** – These are elective deferrals that are included in your gross income in the year you make the contributions, but not when you withdraw them from the plan. Also, if you meet certain conditions, you don't have to include any earnings on these contributions in your income when you withdraw them from the plan.
- **After-tax employee contributions** – These amounts are also included in your gross income in the year you make the contributions. Although you don't have to include these contributions in income when you withdraw them from the plan, you do have to include any earnings. Unlike elective deferrals, there is no annual dollar limit on the amount of these contributions you can make, but if you are a [highly compensated employee](#), your after-tax employee contributions may be limited by what other employees contribute.
- **Catch-up contributions** – These are additional elective deferrals you may be able to contribute to the plan if you are age 50 or older by the end of the calendar year. You can make these contributions as pre-tax elective deferrals or designated Roth contributions.

#### 2012 Elective Deferral Limits:

- \$17,000 to 401(k) (other than a SIMPLE 401(k)), 403(b) and 457(b) plans (plus \$5,500 catch-up contributions)
- \$11,500 to SIMPLE plans (plus \$2,500 catch-up contributions)

Ask your employer or check your plan documents to see what types of contributions you can make to your retirement plan.

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

- [Types of Retirement Plans](#) – information on different types of retirement plans, including the amount and types of contributions that you can make to the plans.
- [Plan Participant/Employee Web pages](#) – information on participating in a retirement plan, including how to join and contribute to the plan, and tax on withdrawals.
- [Retirement Saving Tips for Individuals](#) – information on how to save for retirement and understanding your employer's plan.
- [Designated Roth Accounts](#) – information on designated Roth contributions, including when you may be taxed on withdrawals.
- [Retirement Plans Frequently Asked Questions](#) - answers to commonly asked questions on a variety of retirement plan topics.

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