Sample article for organizations to use to reach customers (529 word count)

Post the following article on your websites and/or use in other communication vehicles to help your customers learn about retirement plan contributions.

Learn the difference in types of retirement plan contributions

Your employer-sponsored retirement plan may allow you to choose the types of contributions you make to the plan from your wages. Here's a brief description of the different types of contributions your may be able to make:

- **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 2016, you only include $28,000 in your gross income. You will 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 or any combination of the two.

2016 elective deferral limits:

- $18,000 to 401(k) (other than a SIMPLE 401(k)), 403(b) and 457(b) plans (plus $6,000 catch-up contributions)
- $12,500 to SIMPLE plans (plus $3,000 catch-up contributions)

- Take advantage of your employer-sponsored retirement plan to save for your future. Ask your employer or check your plan documents to find out what types of contributions you can make to your plan.

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

- Tax Information for Retirement Plans – lists the benefits of participating in a retirement plan, how to join and contribute to the plan and tax on amounts you receive from the plan.
- Types of Retirement Plans – explains different types of retirement plans, including the amount and types of contributions that you can make to the plans.
- Retirement Saving Tips for Individuals – contains information on how to save for retirement and understand your employer's plan.
- Retirement Plans Frequently Asked Questions – answers common questions on a variety of retirement plan topics.

On Twitter? Send these Tweets:

- Learn how to take responsibility for saving for your #retirement http://go.usa.gov/8KmP #IRS
- Why you should join a #retirement plan or contribute to an #IRA now http://go.usa.gov/8KpY #IRS