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STERK FINANCIAL SERVICES

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Is Your 401(k) Full? Here's What You Should Do Now.

(Prefer to listen rather than read? Check out our video 401k Education!)

For 2023, the IRS has raised the 401(k) limit to $22,500. with an additional $7,500. catch-up contribution for employees aged 50 and over. If you're planning to reach that, more power to you! Once that's done, there are other investment options you can take advantage of for greater financial security later.

Here are a few ways to supplement your 401(k) contributions while enjoying possible tax benefits in the process:

Roth and Traditional IRAs. Save for retirement with tax-free growth or on a tax-deferred basis, depending on the type of account. For 2023, the limit on annual contributions to an IRA will increase to $6,500, while IRA catch-up contribution limits for individuals 50 and over remains $1,000. Check out the IRS page for contribution and qualification guidelines.

Health Savings Accounts (HSAs). These tax-advantaged accounts are sometimes offered by employers for people with high-deductible medical plans. Contact your Human Resources department for the specifics.

Life Insurance. A life insurance policy provides peace of mind that you're caring for your family in the present, should something happen to you. It can also be a way to leave a financial legacy for your loved ones, depending on the type of account you pick.

529 College Savings Plan. The average annual tuition for a 2021-2022 public, four-year college is $10,740 for state residents and $27,560 for out-of-state residents. A 529 college savings plan allows you to help put your child through school while potentially offering tax benefits that vary by state.

Investment Accounts. Outside of traditional retirement accounts, you can invest after-tax dollars in other investment accounts and earmark those for retirement savings.
This list points out potential options, but it's a good idea to weigh the pros and cons of each. Give us a call and let's find out what would truly be the best fit your lifestyle and retirement plan together.