Saving for
RETIREMENT

BROUGHT TO YOU BY

HAPO Community Credit Union

- IT'S A -
MONEY THING®


Someday you will be an
OLD PERSON
PUZZLES


Take a moment
and let that sink in
PUZZLES

Imagining
RETIREMENT

What do you want your retirement to look like?



A worldwide adventure?



The simple life?



Pursuing a passion?



Moving to a new city?

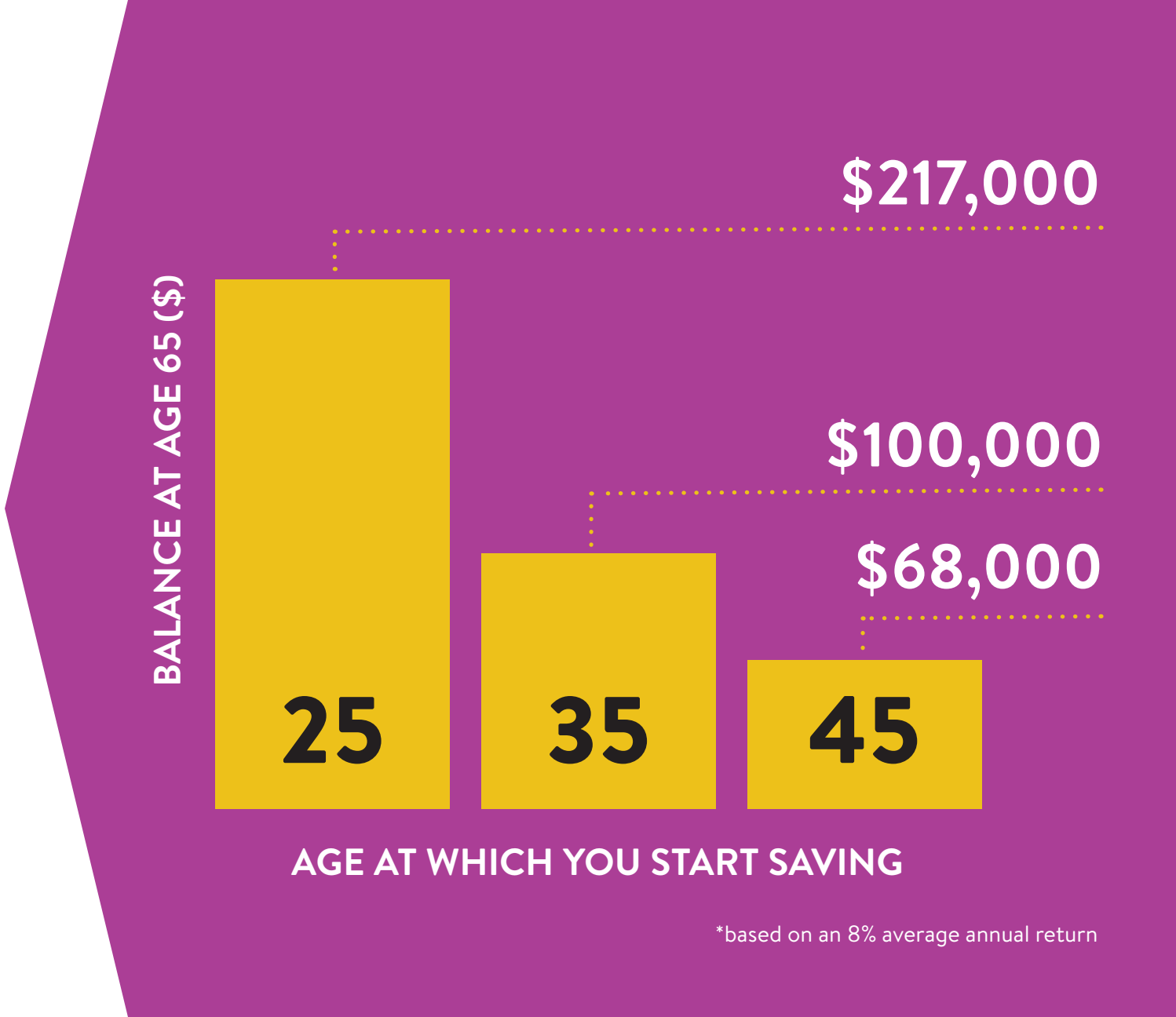


Your retirement fund will likely be your longest-term savings goal

That makes it tricky to prioritize—but it pays to start saving early!

Timing is
EVERYTHING

Let's say you put **$10,000** in your **401(k)** and do nothing further until it's time to withdraw the balance at **age 65**



The same investment can be worth a lot more when given some extra time to grow

Retirement

SAVINGS ACCOUNTS

Retirement savings accounts act like containers in which your various investments can grow tax-free



The most popular options include
Traditional IRAs, **Roth IRAs** and **401(k)s**



COMPARING OPTIONS

TRADITIONAL IRA	ROTH IRA	401(k)
Set up at your financial institution	Set up at your financial institution	Set up through your employer
$7,000 ($8,000 age 50+) contribution limit* (combined limit for all IRAs)	**$7,000 ($8,000 age 50+) contribution limit*** (combined limit for all IRAs)	**$23,000 contribution limit**
Withdrawals can be made after age **59½**	Withdrawals can be made after age **59½**	Withdrawals can be made after age **59½**

COMPARING OPTIONS

TRADITIONAL IRA	ROTH IRA	401(k)
Contributions are pre-tax and can be deducted from your income tax return	**Contributions are** made with **after-tax** dollars and cannot be deducted from your income tax return	**Contributions are pre-tax** and do not count toward your taxable income for the year
Withdrawals are taxed as ordinary income	**Withdrawals are tax-free**	**Withdrawals are taxed** as ordinary income

COMPARING OPTIONS

TRADITIONAL IRA

Traditional IRAs offer a wide range of investments, but their RMDs (required minimum distributions) mean you *have* to start withdrawing funds at a certain point

ROTH IRA

Unlike Traditional IRAs, Roth IRAs have tax-free distributions and no RMDs—however, they will not give tax breaks on your contribution amounts

401(k)

Your employer may offer a 401(k) contribution match, which is like free money—however, 401(k) plans are sometimes associated with limited investment options and higher fees

STARTER PLAN

1. Contribute enough to meet your 401(k) match
2. Switch over and max out your Roth IRA contribution
3. If you have money left over, top up your 401(k)

Strategies for

SAVING

In order for your money to grow,
you need to create the right environment



Eliminate high-interest debt

Paying down credit cards (and other high-interest debt) should be your top financial priority





Build an emergency fund

The last thing you need is an unexpected expense taking a bite out of your savings

Maximize your repayment plan

See if there's a smart way to consolidate or refinance your loans as a way of freeing up extra cash for savings





Start today

Time is on your side when it comes to retirement savings—even if you have to start small, start saving today

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Sources: Investopedia, IRS.gov, NerdWallet, The Motley Fool, Time Inc.

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