

Timing is Everything

Some helpful retirement tips for employees from the IRS...

How much can I save for retirement in 2006?



- **If you participate in a 401(k) or a 403(b) plan:**
 - You can make up to \$15,000 in pre-tax contributions.
 - Over age 50? You may be eligible to make “Catch-Up Contributions” up to an additional \$5,000.
- **If you participate in a SIMPLE IRA plan:**
 - You can make up to \$10,000 in pre-tax contributions.
 - Over age 50? You may be eligible to make “Catch-Up Contributions” up to an additional \$2,500.

Are there any tax credits for making retirement plan contributions?

- **Some workers qualify for the “Retirement Saver’s Credit”:**
 - This is a tax credit of up to \$1,000 or up to \$2,000 if filing jointly.
 - To qualify for the credit, there are limits on your adjusted gross income:
 - \$50,000 if married filing jointly,
 - \$37,500 if head of household, or
 - \$25,000 if single, married filing separately or qualifying widow(er).
 - Use Form 8880, *Credit for Qualified Retirement Savings Contributions*, to calculate the credit.



For more retirement tips, talk to your employer or visit www.irs.gov/ep, select “Plan Participant/Employee” and click on “Timing is Everything.”