

FINANCIAL WELLNESS

Live Well, Work Well

Financial tips for your work, home and life brought to you by ND BANKS Benefit Trust.

How Much Can You Contribute?

If you are a 401(k), 403(b) or governmental 457 plan participant:

You can make up to \$19,000 in elective contributions in 2019. Roth 401(k) or Roth 403(b) plan participants can defer a combined maximum of \$19,000 in after-tax and pre-tax elective contributions.

If you are age 50 or older, you may be eligible to make additional “catch-up contributions” of up to \$6,000. 457 plan participants may make larger catch-up contributions during the three years before retirement.

If you are a SIMPLE IRA or SIMPLE 401(k) plan participant:

In 2019, you can make up to \$13,000 in pre-tax contributions.

If you are age 50 or older, you may be eligible to make additional “catch-up contributions” of up to \$3,000.

If you didn't defer the maximum amount on your 2018 election, can you contribute now in 2019 to make up the difference?

No. A participant's salary deferrals are counted in the year the participant would have received the salary in cash had he or she not made the deferral election. The only way you can make salary deferrals, for any year, is by having your employer contribute part of your compensation to the plan before you have access to it. If you already received the compensation, then you cannot make salary deferrals on it, for example, by writing a check to the plan.

Sometimes the amount withheld and deposited into the plan as salary deferrals may not be exactly what you expected because of plan-imposed restrictions and the plan's definition of compensation for deferral purposes. This is especially true if

you choose a percentage, rather than a dollar amount, on your deferral form.

If you are a self-employed individual, salary deferrals for 2018 may be deposited into the plan a short time after the end of the year, but the amount deposited must correspond to your deferral election and your deferral election must have been made before the end of your 2018 tax year.

If you have an IRA:

Whether you have a traditional IRA, a Roth IRA, or both, you can contribute up to \$6,000 for the year in 2019.

If you are age 50 or older, you may make “catch-up contributions” of up to \$1,000.

If your 2019 catch-up contributions to your traditional IRA were less than the limit, you cannot contribute more after the due date of your 2019 tax return to make up the difference.

For more information on contributions, see <http://www.irs.gov/Retirement-Plans/Plan-Participant,-Employee/Retirement-Topics-Contributions>.

Article adapted from publications on IRS.gov.

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