THE PARTNERS GROUP

HOW TO MAXIMIZE YOUR

401(k) CONTRIBUTIONS

ANNUAL CONTRIBUTION LIMITS

Did you know the IRS sets a limit each year on how much you can save into a 401(k) plan? The 2024 employee salary deferral limit is $23,000. If you are age 50+, you may be able to save even more by making “catch-up contributions.” The 2024 catch-up contribution limit is $7,500, allowing those 50 and over to save up to $30,500 in 401(k) plan salary deferrals.

TIP: MAX OUT EMPLOYER MATCH CONTRIBUTIONS FIRST

The limits above do *not* include employer contributions. Many employers offer a matching contribution to employees who participate in the 401(k) plan. This means the company matches a certain percentage of your salary deferrals, up to a specified limit. Try to save enough to earn the maximum employer match (if offered). Don’t leave free money on the table. Have you maxed out your match and still want to save more? Consider saving up to the IRS contribution limit mentioned above.

HOW MUCH CAN YOU SAVE IN 2024?

Salary Deferrals:
$23,500

Catch-Up Contributions:
$7,500*

*If you are age 50+, you may be able to contribute up to $30,500 into your 401(k) plan in 2024.

ADDITONAL OPTIONS

MORE WAYS TO SAVE

Maxed out your workplace 401(k) contributions? Great work! That is an amazing savings accomplishment. However, you may need (or want) to find more retirement savings vehicles to further build up your nest egg.

ADDITIONAL WAYS TO WORK TOWARD YOUR SAVINGS GOALS:

- **Individual Retirement Accounts (IRAs)** – An IRA is a tax-advantaged savings account that can be opened through a financial institution, offering access to a variety of investment options. Different types of IRAs include traditional and Roth. You may save up to $7,000 in an IRA in 2024 ($8,000 if you are 50+). You must have earned income to contribute to an IRA, and there may be a tax penalty for withdrawals prior to age 59½. You can contribute to an IRA, even if you are already contributing to your 401(k). Income limitations apply when deducting contributions to traditional IRAs and contributing to Roth IRAs.

WHAT ABOUT SOCIAL SECURITY?

On average, social security benefits cover about 40% of living expenses in retirement.* This is why it's important to save on our own, as well. We can't afford to rely on social security as a sole income source in retirement.

- **Brokerage Accounts** – These investment accounts do not have the tax advantages associated with retirement accounts and health savings accounts (HSAs). However, it is a way to invest your dollars in a variety of stocks, bonds, mutual funds, ETFs, and more. Fortunately, assets in brokerage accounts will be easier to access if you need to make withdrawals before retirement, and the 10% early withdrawal tax penalty does not apply.

- **Work with a Financial Advisor** – Talk to a financial advisor if you are looking to build a comprehensive savings plan, not only for retirement, but for all your financial goals. They can help you make a holistic savings and investment plan and stick to it.

- **Other Employer-Sponsored Savings Options** – Some employers offer savings opportunities like HSAs, deferred compensation plans, flexible spending accounts (FSAs), and more. Be sure to check with your employer to learn about all the savings options available to you.

Have questions? Contact our plan consultants at The Partners Group at retirement@tpgrp.com.

*Social Security Administration (ssa.gov)