

# Retirement is closer than you realize: Plan now



**JOAG** | JUNIOR OFFICER ADVISORY GROUP

Saving early and often can provide an opportunity for a more secure retirement. Listed below are three tax friendly options, as well as the benefits of each option.\*

	<u>Tax Information</u>	<u>Tax Treatment</u>	<u>Withdrawal Rules</u>	<u>Benefits</u>
<p><b>Thrift Savings Plan (TSP)</b>  <a href="http://www.tsp.gov/">www.tsp.gov/</a> <i>Maximum of \$18,000 yearly contribution</i></p>	<p>Contributions can be made with either pre-tax dollars (Traditional) or after-tax dollars (Roth), or a combination</p> <p>If your TSP invests in either IRA option, contributions may not exceed \$5,500 (under age 50) or \$6,500 (age 50 or older)</p>	<p>Very low expense rate</p>	<p>Eligible to make a one time taxable withdrawal for a purchase (minimum of \$1,000)</p> <p>Minimum required distribution at age 70 ½</p>	<p>Provides a broad diversification of investment options</p> <p>Low maintenance, passive investing</p>
<p><b>Traditional IRA</b>  <i>Maximum of \$5,500 yearly contribution (\$6,500 if age 50 or older) Deadline to contribute is the tax return filing deadline (not including extensions)</i></p>	<p>Tax deferred growth (growth is only taxed when you take money out)</p> <p>There are no income limits to invest</p>	<p>Contributions may be tax deductible. Total amount invested during the calendar year is deducted from your overall income</p>	<p>Minimum required distribution at age 70 ½. Once age and time limit is met, withdrawals are taxed according to the current tax rate at that time</p>	<p>No income limits to make contribution</p>
<p><b>Roth IRA</b>  <i>Maximum of \$5,500 yearly contribution (\$6,500 if age 50 or older) Deadline to contribute is the tax return filing deadline (not including extensions)</i></p>	<p>Tax free growth</p> <p>If single, must make less than \$118,000, and if married &amp; filing jointly, must make less than \$186,000 to contribute. If married, and filing separately, income cannot exceed \$10,000</p>	<p>No initial tax breaks during investment</p> <p>No required minimum distribution</p>	<p>Contributions can be withdrawn tax-free. Withdrawals of earnings are tax-free as long as age requirement of 59 ½ and 5 year holding period requirements are met</p>	<p>Qualified penalty free withdrawals for first time home purchase (after 5 years and up to \$10,000)</p>

\*Always consult with an accountant or financial advisor before making financial plans. JOAG is not responsible for outcomes of funds invested in above accounts. Additional retirement information can be found at <https://www.irs.gov/retirement-plans> and <https://www.tsp.gov/index.html>