

# The 401(k) Conundrum



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The challenge with saving is that while one's wealth is finite, the demands are seemingly infinite. Consequently, one needs to prioritize when it comes to saving and investing. Contributing to your 401(k) or other qualified retirement plan should be at the top of that list namely because it helps you prepare for your financial future on a tax-advantaged basis.

The so-called "magic" that a 401(k) plan can provide however is this – it enables you to transfer otherwise taxable funds to tax-deferred funds – over time, this can be a great wealth-building advantage.

Consider utilizing cash from savings and taxable investments, including dividends and in exchange, direct a substantial amount of your paycheck into your 401(k) plan. The goal would be to "max out" your contributions (our office can help you determine this) but even if you cannot reach this level, you've likely done yourself a favor by depositing a significant amount of money into a tax-advantaged account.

Also, keep in mind that unlike IRA contributions, which can be made by the next year's tax-filing deadline, 401(k) contributions must be made during the current calendar year, i.e., by year end. Therefore, money earmarked for 2018 must be deposited into the plan prior to Dec. 31.

Saving for retirement is not difficult although it can seem to be. What's required is a goal and a realistic plan to help you reach it. Time however, is getting short for 2018 401(k) plan deposits. Talk to us. We can help you make it happen.

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