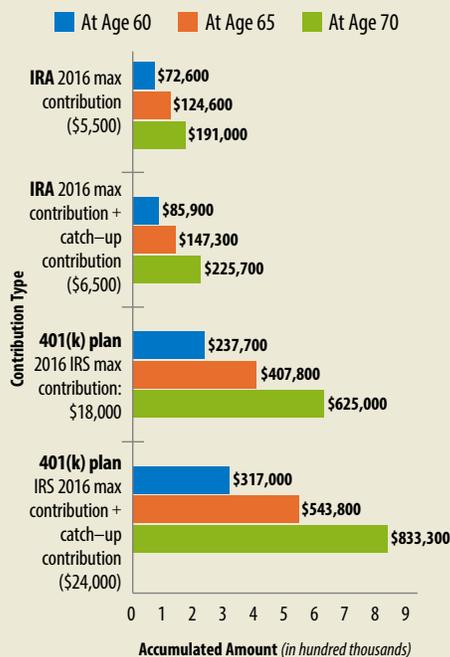




Michael J. Damon, CPA

Catch-Up Contributions Could Make A Difference

If an individual begins saving at age 50, earns a hypothetical 5% a year compounding annually, then he or she may have accumulated the amount shown in the table by the age shown.



Source: IRS.com

Withdrawals from qualified plans are taxed as ordinary income and may be subject to 10% Federal tax penalty if taken prior to age 59 1/2. A plan of regular investing does not assure a profit or protect against loss in a declining market. You should consider your financial ability to continue your purchases over an extended period of time.



Are You Among the 20 Percent? Catch-Up Contributions Could Help

Perspective is important. A 20 percent discount is attractive and a 20 percent tip is generous. Yet, a 20 percent approval rating isn't great, and a 20 percent tax is expensive.

A recent survey found that about 20 percent of Americans feel very confident they'll have enough money to live comfortably in retirement. Another 20 percent are not at all confident. The in-betweeners — three-in-five Americans — think it's possible they'll live comfortably in retirement, but they aren't sure.¹



Now is a good time to review your retirement plan and help make sure you're saving enough to live the way you want to when you retire. If you're age 50 or older, you may be able to contribute more to your retirement savings than the standard amount permitted.

Employer-sponsored plans and Individual Retirement Accounts (IRAs): During 2016, participants who are age 50 or older and contribute the maximum amount allowable to employer-sponsored plans may be able to make catch-up contributions to:

- 401(k) plans up to \$6,000²
- 457 plans up to \$6,000²
- 403(b) plans \$6,000 plus — Employees with at least 15 years of service may be allowed to make catch-up contributions, plus additional catch-up contributions.³
- SIMPLE IRA or SIMPLE 401(k) accounts up to \$3,000²
- Traditional or Roth IRA accounts up to \$1,000²

Health Savings Accounts (HSA): If you have an HSA-eligible health insurance policy and have opened a HSA, you can make catch-up contributions of up to \$1,000 in 2016, as long as you'll reach age 55 this year.⁴

The rules can be complicated. Talk with your tax and financial professionals to verify your eligibility, as well as the amount you may contribute. ■

None of the information in this document should be considered as tax or legal advice. You should consult your tax or legal advisor for information concerning your individual situation.

¹ Employee Benefit Research Institute and Greenwald & Associates. '2016 RCS FACT SHEET #1, RETIREMENT CONFIDENCE.' 2016 Retirement Confidence Survey. September 21, 2016.

² IRS.com. 'Retirement Topics – Catch-Up Contributions.' November 23, 2015.

³ IRS.com. 'Retirement Topics – 403(b) Contribution Limits.' June 10, 2016.

⁴ IRS.com. 'Publication 969 Health Savings Accounts and Other Tax-Favored Health Plans.' P. 5. January 13, 2016.

What is Cyber Security?



Look around. How many Internet-connected devices — smartphones, tablets, personal computers, televisions (and attachments), audio devices, gaming consoles and other items — do you have in your home or office?

Globally, there are more than eight billion connected devices, which averages out to about four per household.⁵ We use our many devices to communicate, access news and entertainment, complete research, purchase goods, and many other things.

One consequence of becoming more connected is that cyber security — protecting computers, networks, programs, and data — has become exceptionally important. A well-known security company estimated that more than 429 million people's identities were exposed when personal records were stolen or lost during 2015.⁶

The Department of Homeland Security offers these tips to protect yourself against cybercrime:⁷

- Set secure passwords and don't share them with anyone.
- Keep your system, browser, anti-virus, and other software up to date.
- Verify requests from companies or friends by contacting them directly.
- Pay attention to website addresses (URLs) to make sure you have the right website.
- Turn off the email option that automatically downloads attachments.
- Be suspicious of unknown links or requests sent through email or text message.
- Never open email attachments from retailers.
- Do not give out personal information over the phone or via email.

While there is little consumers can do to protect against a data breach at a company, they can check credit reports several times a year to make sure no one has stolen their identities. Cyber security is gaining importance, and we all should take steps to help protect ourselves. ■

⁵ IHS Markit. 'Over 8 Billion Connected Devices Globally, IHS Says'. June 10, 2016.

⁶ Symantec. 'Half a Billion Personal Information Records Stolen or Lost in 2015'. September 21, 2016.

⁷ Homeland Security. 'Protect Myself from Cyber Attacks'. August 8, 2016.

