
October 2018 Tax Tips

Helping you to earn more,
and keep more of what you earn.



**Roberts,
Ritschke &
Tyczkowski, Ltd.**
Certified Public Accountants.

335 First Street • P.O. Box 679
Neenah, WI 54957-0679
920.722.2141 • 1.800.926.2095 • Fax: 920.722.8657
rrt@rrtcpa.com

[Forward to a Friend](#) | [Contact Us](#)



Saving for Retirement is Critical

Now more than ever it is important to save for your retirement. You can also save tax dollars depending on the plan you choose to use. There are many options available.

Contribute to your 401(k) or 403(b) through your Employer

Time is running out for 2018 contributions to your 401(k) or 403(b) plan. Usually around this time of year employers are providing 2019 benefit package options to their employees so take these into consideration.

This year, you can put up to \$18,500 into your plan. If you're 50 or older by December 31, that limit increases to \$24,500. Look ahead and plan for 2019 contributions. For 2019, you can put up to \$19,000 into your plan. If you will be 50 or older by December 31, 2019, you can contribute another \$6,000, a total of \$25,000. Even if you cannot maximize these amounts consider increasing your elective deferral amount by at least one percent per year.

The traditional 401(k) and 403(b) are pre-tax plans. That means your contribution today reduces your taxable income now and all funds and earnings distributed later are taxable. For example if your compensation is \$100,000 and you defer \$10,000 to your 401(k) you will pay taxes on \$90,000. This will save potentially as much as \$2,500 which you can use to invest or reduce debt elsewhere.

Some employer 401(k) and 403(b) plans now offer a Roth option. Contributions to this plan do not reduce your taxable income now but funds and earnings distributed later are not taxable under the current rules. Most employers will allow you to do a combination of both plans if you so choose.

Please check with your employer if they offer a match to your contributions. This is "free" money. Try to at least match or exceed the match percentage offered by your employer to take full advantage.

Saving even more

Depending on your adjusted gross income and other factors, you may also be able to contribute to an Individual Retirement Account (IRA) or Roth IRA.

The IRA limit for 2018 is \$5,500 and for 2019 \$6,000. If you will be 50 or older by December 31, you may contribute an additional \$1,000.

There are other retirement account options for individuals who may be self-employed. If you would like to discuss your options please contact us.

Health Savings Account (HSA)

An HSA account provides another great way to save tax dollars and put away money for future medical expenses. First, your health insurance plan must be a high-deductible health plan (HDHP) in order to qualify to contribute to an HSA for the year.

Again, check with your employer as they may offer salary deferral through payroll to the HSA. This is the best tax advantage to you if it is done through a Section 125 (pre-tax) Plan because you also save FICA and Medicare taxes, another 7.65% tax savings.

Also, some employers will make an employer contribution to your HSA.

For 2018, the contribution limits are \$3,450 for Single and \$6,900 for Family. If the account holder is age 55 or older by the end of the tax year you can contribute an additional \$1,000.

Review the benefit package offered by your employer for 2019. For 2019, the contribution limits are \$3,500 for Single and \$7,000 for Family. An additional \$1,000 can be contributed if the account holder is 55 or older by the end of the tax year.

If you find yourself short of maximizing HSA contributions through an employer there are other opportunities to fund the plan. You can make them direct to the account up until April 15th of the next calendar year and take them as a deduction on your current year tax return.



Social Security Wage Base Increases for 2019

The Social Security Administration announced that the maximum earnings subject to the FICA tax will increase from \$128,400 in 2018 to \$132,900 for 2019. This means that for 2019, the maximum FICA tax that employers and employees will each pay is \$8,239.80 (\$132,900 x 6.2%). The Medicare tax component remains 1.45% of all earnings, and individuals with earned income of more than \$200,000 will pay an additional 0.9% in Medicare taxes.

Current Office Hours:

Monday - Thursday 8 am - 5 pm

SHARE THIS EMAIL

**Roberts, Ritschke & Tyczkowski,
Ltd.**

SIGN UP FOR EMAILS

newsletter@rrtcpa.com
<http://rrtcpa.com>

Roberts, Ritschke & Tyczkowski, Ltd., 335 First Street,
PO Box 679, Neenah, WI 54957-0679

[SafeUnsubscribe™](#) gkuckkahn@rrtcpa.com

[Forward email](#) | [Update Profile](#) | [About our service provider](#)

Sent by newsletter@rrtcpa.com in collaboration with

Constant Contact 

Try it free today