Action Plan:

RETIREMENT SAVINGS FOR SPOUSES

Saving for retirement can get complicated for spouses of service members who move frequently. But even if you switch jobs with each move, do freelance work on the side or take time off from working, you can still make the most of tax-advantaged retirement savings plans.

DIFFICULTY:

EASY

WHAT YOU'LL NEED:

- Your financial statements and records
- Web access or telephone

HERE ARE FOUR WAYS YOU CAN SAVE FOR RETIREMENT:

1. **Make the most of any retirement plan at work.** If you work for an employer that offers a 401(k), 403(b), 457 or other retirement-savings plan, you can contribute the full amount—$18,500 in 2018, plus an extra $6,000 if you're 50 or older—even if your spouse contributes the maximum to the Thrift Savings Plan (TSP). All of these retirement-savings plans can lower your taxable income now and grow tax-deferred for retirement.

   If you have the option of a Roth 401(k) through work, consider contributing some money to that too—as long as the total contributions to the traditional and Roth 401(k) don't top the $18,500 limit (plus any catch-up contributions if 50 or older) in 2018. A Roth 401(k) doesn't give you a current tax break, but you can withdraw the earnings tax-free in retirement.

2. **Contribute to a Traditional or Roth IRA.** You can contribute to an IRA even if you, or your spouse, are already contributing the maximum to a 401(k), 403(b), 457, TSP or other retirement-savings plan. And it's a great way to save even if you're moving around, have to switch jobs frequently or are not working. You can contribute up to $5,500 to a Traditional IRA in 2018 (plus an extra $1,000 if 50 or older) based on your own income. If you don't have earned income for the year, your working spouse can contribute to a Roth IRA on your behalf.

   To qualify for a Roth IRA, the income limits on your joint tax return must be less than $199,000 in 2018. It's easy to keep investing in a Roth IRA even if you make frequent moves—you can sign up to have money deducted automatically from your paycheck or bank account, and the money in the Roth account grows tax-free for retirement.

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3 **Contribute to a self-employed retirement plan.** If you have any self-employed income, or even just do some freelance or consulting work on the side, then you can contribute to a small-business retirement plan. The two most-common options are a Simplified Employee Pension (SEP) or a solo 401(k).

The SEP is easiest to set up. It's available at most banks, brokerages and mutual fund firms that offer IRAs. See [IRS Publication 560] for guidance on figuring out how much you can contribute. If you only earn a small amount of business income for the year, you may be able to contribute more money to a solo 401(k), but note that you cannot contribute more than your business income for the year. The money contributed to either account lowers your taxable business income and grows tax-deferred for retirement.

4 **Roll over old retirement plans.** Spouses of service members who move frequently often accumulate retirement accounts at different employers. If you have a new job lined up with a company that offers a 401(k), think about whether it makes sense for you to roll your retirement savings to the new plan. Costs and the investment choices you'll have are important factors to consider. If you don't have a new job or your new employer doesn't offer a plan, then consider rolling the money into an IRA. This can expand your investing choices and make it simpler to keep track of your accounts. For all types of rollovers, it's best to have the 401(k) or 403(b) administrator transfer the money directly to your IRA or new plan administrator, so the administrator does not have to withhold any of the money for taxes.

To see if you and your spouse are on track to save enough for retirement, go to the Calculate How Much You'll Need for Retirement Action Plan.

Visit **SaveAndInvest.org** for more tools and tips about Managing Your Money With Confidence.