

Maximize Your Retirement Contributions

To maintain a comfortable lifestyle during a retirement that could last for decades, you should plan for your savings to replace 50% or more of your preretirement salary. To achieve this target, contribute at least 15% of your annual gross income to a retirement account—and make the most of employer matching and catch-up contributions.

ROTH AND TRADITIONAL IRAS

You can contribute up to \$5,000 to a Roth or Traditional IRA for both the 2011 and 2012 tax years. If you are age 50 or older, you can contribute an additional \$1,000. Your total contributions across accounts cannot exceed the annual limit.

CONTRIBUTION LIMIT
FOR 2011 AND 2012
\$5,000
AGE 50 OR OVER? ADD
\$1,000

BENEFITS In general, a Roth IRA may be your best option. Any earnings in a Roth IRA are tax-deferred, and qualified distributions of contributions and earnings are free from federal tax (and, in most cases, state tax, as well).

CONTRIBUTION DEADLINE

You have until April 17, 2012, to make your 2011 IRA contribution.

TAX-ADVANTAGED WORKPLACE RETIREMENT PLANS

If your company offers a retirement savings plan such as a 401(k) or a 403(b), you can contribute up to \$16,500 in the 2011 tax year and \$17,000 in 2012, with an additional \$5,500 in 2012 if you are age 50 or older.

As the year comes to a close, if you haven't contributed as much as you would have liked to your workplace retirement plan, increase your salary deferral now to save more by December 31. For 2012, consider increasing your deferral amount to at least 15%—or, at a minimum, contribute enough to take full advantage of any employer match. If this isn't feasible for you at this time, even a 2% increase from what you have now can go a long way.

CONTRIBUTION
LIMIT FOR 2012
\$17,000

AGE 50 OR OVER? ADD
\$5,500
IN CATCH-UP CONTRIBUTIONS

TOTAL LIMIT FOR INVESTORS
AGE 50 OR OVER
\$22,500

Visit the Retirement Income Calculator at troweprice.com/ric.

