**Offset Taxes with Retirement Account Contributions**

**Tax Planning**

September 09, 2019

*Consider using tax-advantaged accounts to help lower your tax bill.*

Even in the wake of complex tax provisions, a key to lowering your tax bill is really quite simple: Report lower taxable income. Since few of us actually want to earn less, the next option is to stash as much income as you can into tax-advantaged accounts. If you haven’t contributed the maximum amount to a qualified retirement plan at work throughout 2019, consider adding money before it is too late.

* Contributions for 401(k) and other retirement plans for the 2019 tax year are $19,000 a year or $25,000 if you’re 50 or older.
* Consider making additional salary deferrals if you are eligible to participate in an employer supplemental employee retirement plan (SERP). This will enable you to further maximize contributions to reduce your taxable income now and defer more compensation into later years when your tax rate may be lower.
* Also consider saving on a pre-tax basis for healthcare. You can accumulate funds on a tax-deferred basis to pay for healthcare expenses through either a Health Savings Account (HSA) or flexible savings account (FSA). Your workplace may offer one, both or neither of these options, so check with your employer.
* Once you maximize employer retirement plans, consider contributing to an IRA ($6,000/year limit, or $7,000 if you’re 50 or over). Traditional IRA contributions are tax deductible if your modified adjusted gross income is under $74,000 for individuals or $123,000 for joint filers. You must establish a new IRA account by April 15, 2020, for 2019 contributions, and you have until then to make 2019 contributions to an IRA.
* If you work for yourself, consider contributing to a solo 401(k) retirement plan, SEP IRA or SIMPLE plan.

Your financial advisor can help develop a retirement account contribution strategy that works for your situation.

*Raymond James financial advisors do not render advice on tax or legal matters. You should discuss any tax or legal matters with the appropriate professional.*