

5 Ways Savvy Investors Are Saving More in 2024

As summer winds to a close, we're reminded that we're nearly three-quarters of the way into the year. That makes this a good time to determine if you're still on track for reaching the important long-term savings goals you have set for the year or if you need to make any adjustments.

Below are five ways you may be able to move closer to your savings goals in 2024.

1. Take advantage of higher contribution limits for employer plans

Contribution limits for employer retirement plans, such as a 401(k), 403(b) and most 457 plans increased in 2024 to \$23,000, up from \$22,500 last year. That additional \$500 can make a difference over time, especially when invested in a tax-advantaged retirement account where earnings grow on a tax-deferred basis.

2. Make catch-up contributions

If you're age 50 or over, you can contribute even more to your plan by making catch-up contributions. While the catch-up contribution limit for these plans remains unchanged from 2023 at \$7,500, eligible plan participants can contribute a total of \$30,500 to their plans in 2024.

3. Reap the benefits of employer matching contributions

One of the easiest ways to boost savings is by taking advantage of free money from your employer. If your employer offers matching retirement plan contributions, make sure you're contributing at the plan's match level or above to reap this important benefit. Depending on your plan, matching contributions may be subject to a vesting schedule, meaning that you may not be able to keep all or a portion of matching contributions if you separate from the company before you are fully vested in the plan. For more information about your plan, visit your plan's website or speak with a human resources representative.

4. Consider investing excess savings in an IRA

If you're already contributing the maximum to your employer retirement plan, but are able to save more, consider contributing to an individual retirement account (IRA). The IRA contribution limit increased from \$6,500 in 2023, to \$7,000 for 2024. Individuals age 50 or older can save an additional \$1,000 in catch-up contributions for a total of \$8,000 this year.

Keep in mind, if you're covered by a retirement plan at work, your ability to deduct pre-tax contributions to a traditional IRA or make after-tax contributions to a Roth IRA may be reduced or phased out based on your filing status and modified adjusted gross income (AGI). To learn more about IRA eligibility guidelines, visit [IRS.gov](https://www.irs.gov).¹



5. Roll unused 529 education savings plan assets to a Roth IRA

Until recently, account owners and beneficiaries with unused funds in their 529 education savings plan accounts had limited options for avoiding taxes and penalties on unqualified withdrawals. Account owners with unused funds could name a new account beneficiary, take a penalty-free withdrawal of up to \$10,000 (per beneficiary, per lifetime) to help pay off student loans, or, if the beneficiary received a tax-free scholarship, withdraw an equivalent amount from the 529 account, penalty free. Exceptions also exist for beneficiaries who attend a United States military academy or who become incapacitated.

Thanks to a new rule that went into effect in 2024, account owners and beneficiaries have another option. Beneficiaries of 529 accounts are now permitted to roll over unused funds in their name to a Roth IRA, as long as they meet certain criteria. A 529 rollover to a Roth IRA is subject to the following rules and limitations:²

- The 529 account must have been open for at least 15 years
- The rollover cannot include any contributions made in the last 5 years
- The total amount rolled over cannot exceed the annual IRA contribution limit (\$7,000 for 2024) and the annual amount eligible for rollover is reduced by any other traditional or Roth IRA contributions made the same year
- There is a lifetime limit of \$35,000 per beneficiary on rollovers

Rolling 529 assets to a Roth IRA can be a good way to jumpstart or further boost retirement savings for beneficiaries who no longer need those funds for education purposes and who meet the above criteria. Be sure to discuss all of your options with your tax or financial professional before choosing to roll over 529 plan assets to a Roth IRA.

To learn more about strategies to help you remain on track toward your long-term goals, call the office to schedule a time to talk.

¹"Publication 590-A", IRS.gov, 18 MAR 2024, <https://www.irs.gov/publications/p590a>.

²"Rollover Unused 529 Funds to a Roth IRA." Ceterainvestors.com, <https://newmanblock.ceterainvestors.com/resource-center/investment/rollover-unused-529-funds-to-a-roth-ira>, Accessed 31 JUL 2024.

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