

Benefits of A Retirement Plan

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A retirement plan is a useful tool for both employers and employees. It can exist in multiple forms, have different components, and be specifically tailored. The following are some of the essential benefits provided by a plan.

Renders tax advantages:

With pre-tax contributions, an employee can put money in a plan and not pay taxes until money is withdrawn. With Roth contributions, an employee can put money in a plan, pay taxes immediately, and not pay when money is withdrawn. In either scenario, an employee is retaining more money.

Nurtures preparedness for life events:

An employee may want to purchase a house, need a medical procedure, or experience a funeral of a loved one. In these circumstances, an employee can generally withdraw money from a plan to assist with associated expenses. A plan can help ensure that an employee can address life events.

Furtherers mental well-being:

By putting money into a plan, an employee is building insurance for retirement. In doing so, for instance, an employee may undergo reduced stress. From an employer's perspective, an employer would generally be glad to know that they are alleviating employees' stress by providing a plan.

Allows for increased funds:

A plan may provide for employer matching contributions. In such a plan, if an employee makes elective deferral contributions, an employer may generally "match" those contributions. Therefore, employees may receive an increase in funds for retirement.

Promotes financial discipline:

Through making contributions to a plan, an employee is demonstrating a beneficial financial habit. In this aspect, a plan may encourage an employee to at least consider long-term goals or budgeting. As such, an employee can become more financially disciplined.

If you have any questions or comments with regard to the benefits of a retirement plan or any other retirement plan matters, please call 856-396-0499 or e-mail clientservices@retirewelltpa.com.