RETIREMENT 101: AS TAX DEADLINE APPROACHES, MAKE SURE YOU KNOW ALL YOUR RETIREMENT CONTRIBUTION OPTIONS

You have until April 17 to make your contributions to a traditional IRA, Roth IRA, SEP-IRA and Keogh plans. A SIMPLE IRA has two separate deadlines: January 31 for salary reduction contributions, and April 17 for employer contributions. Here's a look at contribution limits and other key information you should consider by tax deadline:

Start with some advice. A financial planner or a tax professional might be worth contacting to see how your overall retirement strategies are going, including the amounts and balance of investments you have in your 401(k) plan and traditional pension at work. To find a financial planner in your area, go to www.PlannerSearch.org.

Turn your tax refund into savings. For the first time, taxpayers can arrange to have their tax refunds deposited in up to three accounts, including an IRA, a health savings account or an education savings account. (See IRS Form 8888). But make sure if you want to claim the contribution on your 2006 tax returns that you get your tax returns completed at least two to three weeks early so you can direct an e-filed direct deposit into those accounts by April 17. Otherwise, any deposit that shows up after that date will be counted as a 2007 tax year contribution. Also, the IRS occasionally adjusts refunds based on filing errors or other circumstances, so doublecheck your figures so the money goes where you want. And, of course, be sure to notify your financial institution about the pending contribution so that it is properly coded on their end.

Know your contribution, income limits. As stated, you have until April 17 to make your 2006 tax year contribution to various retirement options. If you were under the age of 50 during all of 2006, your contribution limit to a 401(k) plan was $15,000; if you turned 50 by December 31, 2006, the contribution amount was $20,000 (contribution deadlines depend on your plan's structure). For 2007, the limit has been increased by $500, respectively. For IRAs, taxpayers under the age of 50 by December 31, 2006 can contribute up to $4,000 by the tax deadline. Those over age 50 by the end of 2006 can contribute an extra $1,000. The 2006 Pension Protection Act indexed the income limits (or phase-out limits) to inflation. In 2007, single filers can deposit to a Roth IRA if their income is between $99,000 to $114,000, a $4,000 increase; and joint filers can earn between $156,000 to $166,000, a $6,000 increase in income from 2006 levels.

Be aware of new 401(k) transfer rules. Thanks to new pension law, a child or other non-spouse beneficiary who inherits the money in a qualified plan can rollover their benefit directly into an IRA and the new account would be treated as an inherited or beneficial IRA which could stretch out the distributions over a number of years at a considerably smaller tax bite. The Pension Protection Act of 2006 also allows direct rollovers from pensions to Roth IRAs which provide additional planning opportunities.

Know new retirement savings benefits for military personnel. Military service counts toward vesting for all civilian retirement plans. Thanks to the Heroes Earned Retirement Opportunities (HERO) Act enacted last May, military and their families can actually put more money into their traditional or Roth IRA accounts. The act allows tax-free combat pay to be considered as earned income for determining the contribution amount for traditional and Roth IRAs. Before, a military person who earned only combat pay wasn't allowed to contribute to either form of IRA. This change is retroactive to 2004 and affected military personnel have until May 28, 2009 to make their contribution. Amended returns may need to be filed.

The Saver's Credit was made permanent. This credit is a non-refundable credit for those who contribute to an employer-sponsored retirement plan or an IRA and meet certain income limits.

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