



## How High Earners Can Save for Retirement

How much do you earn each year? The answer to that question can affect how you approach saving for retirement.

If you earn above a certain amount, you cannot make direct contributions to a Roth IRA, for example.

Are you wondering about the retirement savings options for high earners? Here are a few details to keep in mind.

### Income Details

[For 2021](#), if your modified adjusted gross income (MAGI) is \$208,000 or more when you file jointly as a married couple, you cannot directly contribute to a Roth IRA.

The same is true if you make \$140,000 or more when you file as a single person.

### Additional Options

If you can't take advantage of a Roth IRA, what are some other potential options for high earners looking to save for retirement?

**Roth IRA conversion:** One option some people explore is a backdoor Roth IRA strategy. This involves opening a traditional IRA, making nondeductible contributions to it and eventually converting it into a Roth IRA.

**Roth 401(k):** If your employer offers a Roth 401(k) option, you can make after-tax contributions that you can eventually withdraw tax-free. (Note that [contribution limits](#) apply.)

**Health savings account:** Using a health savings account (HSA) has three tax benefits. You can put pretax money in the account and reduce your taxable income, the money in the

account will grow tax-free, and you do not have to pay taxes on the money when you use it for qualified health care expenses.

**Taxable accounts:** Taxable accounts, such as exchange-traded funds and index mutual funds, potentially offer high-income earners a way to invest and build their savings. Taxable accounts do not have contribution limits or required minimum distributions.

Do you have questions about retirement savings strategies for your income level? We're here to help.

*The highest Compliment you can give your ROI Financial Advisor is to refer them to someone special like yourself. We thank you for your business & most recent consideration.*



Lance Johnson | ROI Financial Advisors, LLC  
CEO & Investment Advisor Representative

[lance.j.johnson@roi-fa.com](mailto:lance.j.johnson@roi-fa.com)

14675 SW Millikan Way

Beaverton , OR 97003

Phone: [\(503\) 941-5925](tel:5039415925)

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