



What accounts can I use to save for retirement?

Retirement planning can help you plan for your long-term future. To successfully plan for retirement, it is important to understand the accounts that can be used. You may have several options to save for retirement including accounts offered by your employer, often called employer-sponsored retirement plans, and individual retirement accounts. You may be able to save for retirement on a pre-tax basis (“Traditional”) or post-tax basis (“Roth”). Also, retirement accounts have annual contribution limits. Talk with your financial advisor and/or human resources staff to learn more.

There are 2 main categories of employer-sponsored retirement plans: defined benefit & defined contribution.

- A [defined benefit plan](#), commonly known as a pension, promises you a regular payment from the day you retire through the rest of your life ([PGBC](#)). However, statistics show that 15% or less of private-sector employees are offered a defined benefit plan ([BLS](#)).
- Most employees save for retirement through [defined contribution plans](#), which do not promise you a specific monthly payment upon retirement—instead you will have the ability to withdraw funds from the total balance in your retirement account as you desire ([investor.gov](#)).

Common retirement accounts offered through employers include the following:

Account	Type
Traditional Pension	Defined Benefit
Cash Balance Pension	Defined Benefit
Traditional 401(k) and/or Roth 401(k)	Defined Contribution
Traditional and/or Roth Thrift Savings Plan	Defined Contribution
Traditional 403(b) and/or Roth 403b	Defined Contribution
Traditional 457b and/or Roth 457b	Defined Contribution
Traditional Thrift and/or Roth Thrift Savings Plan	Defined Contribution

Owners and employees at small businesses or people who are self-employed may have access to other retirement plans. If this applies to you, talk with your financial advisor about these retirement account options. For help finding a financial advisor, read UW-Extension’s article, “[How to Choose a Financial Advisor](#).”

Account	Type
Solo 401k or Roth Solo 401k	Defined Contribution
Savings Incentive Match Plan for Employees (SIMPLE IRA)	Defined Contribution
Simplified-Employed Pension (SEP IRA)	Defined Contribution

There are also retirement savings accounts available that are not connected to your employer. These accounts require you to have earned income. You can open either at your preferred financial institution.

- Traditional Individual Retirement Account (IRA)
- Roth Individual Retirement Account (Roth IRA)

Additionally, it is important to consider how government programs such as Social Security and Medicare may fit into your retirement planning. You can talk about getting started on retirement planning, and other financial topics, with your county’s financial educator. Visit <https://counties.extension.wisc.edu/> for more information.

