RETIREMENT PLANNING CHEAT SHEET

Plain-English account guide | Know what each account is designed to do.

The account is only the container. The investment strategy inside it still matters. 2026 federal limits are a dated reference snapshot, not a statement of current limits after publication. Verify current rules before acting.

ACCOUNT	PRIMARY JOB	COMMON USE CASE	TAX TREATMENT	ACCESS / TRADE-OFF	2026 REFERENCE SNAPSHOT
401(k)	Build retirement savings through payroll.	Employees - especially when an employer match is available.	Traditional contributions may reduce current taxable income; Roth contributions use after-tax dollars. Growth is tax-advantaged.	Designed for retirement. Taxes and penalties may apply to early withdrawals; plan loan rules vary.	**$24,500 employee deferral +$8,000 age 50+ Ages 60-63: $11,250 catch-up**
Solo 401(k)	Let an owner-only business save as both employee and employer.	Self-employed owners with no common-law employees other than a spouse.	May support pre-tax and/or Roth employee contributions plus employer contributions, depending on plan design.	More administration than an IRA; earned income, plan documents and filing rules matter.	**Up to $72,000 combined before catch-up**
Traditional IRA	Add personal tax-deferred retirement savings.	Households needing an additional retirement bucket outside a workplace plan.	Contributions may be deductible depending on income and workplace-plan coverage. Withdrawals are generally taxable.	Retirement-focused. Early-distribution taxes and penalties may apply; required distributions generally apply later.	**$7,500 shared IRA limit +$1,100 age 50+**
Roth IRA	Build a pool of potentially tax-free retirement money.	People who qualify and want tax diversification or expect higher taxes later.	No current deduction. Qualified withdrawals may be tax-free; income eligibility limits apply.	Contribution basis is generally more accessible, but conversion and earnings rules are separate and can be complex.	**Shares the $7,500 IRA limit Income limits apply**
SEP IRA	Provide a relatively simple employer-funded retirement plan.	Self-employed people and small employers comfortable funding eligible employees under the plan formula.	Employer contributions are generally deductible and grow tax-deferred. Contribution calculations depend on compensation.	Simple structure, but no employee salary deferral. Employee coverage and equal-percentage rules can increase cost.	**Up to $72,000 Compensation rules apply**
HSA	Pay current medical costs or invest for future healthcare.	Eligible individuals with qualifying health coverage who can leave some funds invested.	Potential deduction or pre-tax contribution, tax-deferred growth and tax-free qualified medical withdrawals.	Best tax treatment is for qualified medical expenses. Eligibility and nonmedical-withdrawal rules matter.	**$4,400 self-only $8,750 family +$1,000 age 55+**
Taxable brokerage	Invest for flexible goals before or during retirement.	Money that should remain accessible without retirement-account age restrictions.	No upfront deduction. Dividends, interest and realized gains may be taxable; losses may sometimes offset gains.	Highly flexible, but market risk remains and selling investments can create taxes.	**No federal contribution ceiling**

QUICK ORIENTATION

REDUCE TAXABLE INCOME NOW	BUILD TAX-FREE POTENTIAL	OWNER / FARM BUSINESS	KEEP MONEY FLEXIBLE
Traditional 401(k), Solo 401(k), SEP IRA, deductible Traditional IRA, HSA	Roth 401(k), Roth IRA, HSA for qualified medical expenses	Solo 401(k) or SEP IRA may create a dedicated business-owner retirement bucket	Taxable brokerage plus an intentional cash reserve for near-term needs

Missing an account does not automatically mean you need it. The right mix depends on income, eligibility, taxes, employees, liquidity and goals.

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INVESTMENT BUILDING BLOCKS

Plain-English investment guide | Know each investment's job - and its limits.

The account is the container. The investment is the engine. Each building block has a job, but no single investment can do every job well.

ETF describes the vehicle - not the investment role.

INVESTMENT TYPE	PRIMARY JOB	WHAT IT MAY ADD	KEY DRAWBACKS	DO NOT EXPECT IT TO...
U.S. equities	Long-term ownership and growth.	Participation in corporate earnings; liquidity; broad diversification through funds.	Market drawdowns, valuation risk and concentration risk. Dividends and gains are not guaranteed.	Preserve principal over short periods or provide stable income.
International equities	Diversify growth beyond the United States.	Exposure to different economies, currencies, sectors and valuations.	Currency, political, governance and market risks; may lag U.S. stocks for long stretches.	Automatically reduce volatility or outperform U.S. markets.
Short-term Treasuries / cash equivalents	Liquidity, reserves and near-term spending.	Low credit risk, limited rate sensitivity and known maturities.	Reinvestment risk; inflation may exceed the yield; limited long-term growth.	Compound wealth like equities or lock in today's yield forever.
Core investment-grade bonds	Income and portfolio ballast.	Contractual interest and principal; usually less volatile than stocks; diversification potential.	Interest-rate, inflation and credit risk. Bond prices can fall and funds do not mature like one bond.	Act like cash or guarantee against losses.
Long-term bonds	Greater rate sensitivity and long-duration income.	Potentially stronger price gains when yields fall; may help in some disinflationary slowdowns.	Large price declines when yields rise; substantial inflation sensitivity.	Provide stable principal or fund near-term spending.
Treasury Inflation-Protected Securities (TIPS)	Inflation-linked U.S. government bonds.	Principal adjusts with CPI; income is backed by the U.S. government.	Real yields can rise and prices can fall; taxable inflation adjustments; CPI may not match household costs.	Eliminate market volatility or perfectly match personal inflation.
High-yield bonds	Higher income in exchange for more credit risk.	Higher coupons and a return source between traditional bonds and equities.	Default risk and equity-like drawdowns; diversification often weakens during recessions.	Serve as the safe or defensive bond sleeve.
Municipal bonds	Tax-sensitive income.	Interest may be exempt from federal tax and sometimes state tax, depending on the bond and investor.	Credit, call, liquidity and tax-rule risks; lower stated yields may not benefit every tax bracket.	Automatically be the best bond choice in every account.
Publicly traded REITs	Liquid exposure to income-producing real estate.	Access to property sectors, dividend potential and exchange liquidity.	Property-cycle, leverage, rate and tenant risks; can be as volatile as stocks.	Behave like direct real estate or a bond substitute.
Commodities / gold funds	Diversification and exposure to inflation or supply shocks.	Different return drivers from stocks and bonds; may help in certain inflationary periods.	No business earnings; high volatility; storage, futures-roll, tracking and long flat-period risks.	Produce dependable income or compound like productive businesses.
Crypto-asset ETPs ('crypto ETFs')	Brokerage-account exposure to a crypto asset's price.	Tradability and custody through a securities account; avoids direct wallet and private-key handling.	Extreme volatility and possible total loss; fees, tracking, custody, market, manipulation and regulatory risks.	Act like cash, a bond, stable retirement income or direct on-chain ownership.

INFLATION ORIENTATION

BUILD PURCHASING POWER	LINK DIRECTLY TO CPI	RESPOND TO INFLATION SHOCKS	FUND NEAR-TERM NEEDS
Equities and REITs may help wealth outgrow inflation over long periods, but they do not track CPI and can decline sharply.	TIPS principal adjusts with CPI. Their market price can still fall, and CPI may not match a household's actual cost increases.	Commodities and gold may help during some supply-driven inflation periods, but results are inconsistent and volatility can be high.	Cash and short Treasuries support liquidity and reset faster as rates change. Long fixed-rate bonds are generally more inflation-sensitive.

Inflation changes the question. The important number is the return left after taxes and inflation.

THE RETURN YOU KEEP

After-tax real return | What a quoted yield can miss.

A quoted yield is only the starting point.

A bond or income investment may show a solid yield, but taxes can reduce what reaches your account. Inflation then reduces the buying power of what remains. The account holding the investment can change the timing, and sometimes the amount, of that tax drag.

ILLUSTRATIVE ASSUMPTIONS

5.00% quoted yield | 24% federal tax rate | 3.00% inflation

State taxes, fees and price changes are not included.

THE MATH

1. QUOTED YIELD	2. AFTER FEDERAL TAX	3. AFTER TAX AND INFLATION
5.00%	**3.80%**	**0.78%**
What the investment pays before tax and inflation.	5.00% x (1 - 24%) for ordinary taxable interest.	Exact real return: (1.038 / 1.03) - 1.

After-tax yield = nominal yield x (1 - marginal tax rate). Real return = (1 + after-tax return) / (1 + inflation) - 1.

WHERE THE INCOME SITS	QUOTED YIELD	CURRENT FEDERAL TAX	RETURN KEPT NOW	REAL RETURN AFTER 3% INFLATION	WHAT TO REMEMBER
Taxable account: ordinary bond interest	5.00%	24% example	3.80%	0.78%	Interest is generally taxable each year. State tax may reduce the result further.
Traditional 401(k) or IRA	5.00%	0% current-year	5.00% compounds	1.94% before withdrawal tax	Annual tax drag is deferred, not eliminated. Withdrawals are generally taxable.
Roth 401(k) or Roth IRA	5.00%	0% current-year	5.00% compounds	1.94% if the withdrawal is qualified	Contributions use after-tax dollars. Qualified withdrawals may be tax-free.
HSA	5.00%	0% current-year	5.00% compounds	1.94% for qualified medical use	Tax-free treatment depends on eligibility and qualified medical withdrawals.
Tax-exempt municipal bond	4.00%	0% federal if the interest is exempt	4.00%	0.97%	At a 24% rate, 4.00% tax-exempt equals a 5.26% taxable yield. Credit and price risk remain.

WHERE THE TAX DRAG CHANGES

TAXABLE BROKERAGE	TRADITIONAL 401(K) / IRA	ROTH ACCOUNT	HSA	ASSET LOCATION
Flexible access, but interest and some distributions can create tax drag every year.	Income and gains compound without annual tax. Distributions are generally taxable later.	No annual tax drag. Qualified withdrawals may be tax-free.	No annual tax drag. Qualified medical withdrawals may be tax-free.	Income-heavy assets may create more tax drag than growth assets. Liquidity and future tax rates still matter.

Do not compare yields in isolation. Compare what remains after taxes, inflation, fees, risk and account rules.