



KANSAS INSURANCE DEPARTMENT

Vicki Schmidt, Commissioner

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Lowering your Tax Day burden

Topeka, Kan. – It is the time of year when friends and family will gather to hunt those colorful eggs left by the Easter Bunny. It is also a good time to hunt for ways to build your nest egg. April is financial literacy month and in the spirit of financial empowerment, the Kansas Insurance Department would like to share three nest egg building strategies worth careful consideration.

1. **Traditional Individual Retirement Accounts (IRA)** - An IRA is a retirement account that offers a special tax benefit. All funds within an IRA are intended to be used at or near retirement (after age 59½). When an IRA owner contributes their earned income into the account, their tax burden is lowered that year. These “tax-deferred” funds, along with any investment growth, are taxed when withdrawn during retirement.
2. **Roth IRAs** – A Roth IRA is a retirement savings account that offers two special tax benefits. The investment earnings in a Roth IRA are intended to be used at or near retirement (after age 59½). Roth IRA owners who contribute their earned income into the account do so with post-tax dollars. These “after-tax” funds not only benefit from tax-free investment growth, but the money saved can be withdrawn tax-free.
3. **Health Savings Accounts (HSA)** – An HSA is a savings account that offers three special tax benefits, often referred to as the “triple tax break.” Funds saved in an HSA are intended to pay for the health care needs of the account owner and their dependents. Savers who open an HSA can avoid paying taxes on: (1) their earned income contributed to the account, (2) any investment growth within the account, and (3) account funds used to pay for qualified medical expenses. HSAs have the tax reduction benefits of both an IRA and Roth IRA, but, unlike retirement accounts, HSA funds can be accessed immediately.

“I would encourage all Kansans, regardless of their stage in life, to have a plan for their financial future,” Insurance Commissioner Vicki Schmidt said. “There are many licensed and qualified professionals in the state of Kansas who can assist with finding the right plan for you.”

Consulting with a qualified financial advisor to discuss the best investment strategies for your nest egg is an excellent idea. To find resources, learn more about various product offerings or conduct a background check on an investment advisor visit insurance.kansas.gov.

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