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# **401K Contribution Limit - Should You Stick To The Limit Or Not?**

Many employees and entrepreneurs understand the advantages of having 401K savings accounts. For employees, the [401K contribution limit](#) is set at \$16,500 for below 50 years old, and \$22,000 for 50 and above. For business owners, their [individual 401K contribution limits](#) start at \$49,000 for those under 50 years old, and \$54,500 for 50 and above.

Employees may ask their employers to automatically deduct their contributions every year for convenience. As for entrepreneurs, they have full control and responsibility over their accounts. The question that some contributors have in mind regarding their 401K is whether to stick to the contribution limit or not.

The answer will be different for every contributor since the limits are not the same between an employee and an entrepreneur. However, it is more likely that an employee will stick to the [maximum 401K](#) contribution limit that has been set on a particular year. Why? Because wages are usually fixed, wage increase is not always possible for every company, and not all companies can match or provide 401K.

It seems impossible for a regular employee to achieve higher contributions if these scenarios are part of the company's existence. However, it is possible to increase your 401K's earnings if you wish to invest it in stocks and bonds. Another sound advice for employees with 401K is to avoid taking loans against their accounts. 401K loans usually require only months-long turn-around; so penalties and charges are inevitable if you cannot return the money on time.

For entrepreneurs, since they can control their 401K, it is highly likely that some of them will contribute beyond their yearly limits. If the business' condition is stable and favorable, an owner may be able to increase his/her annual contribution, not just to increase savings, but to improve other possible investments and tax breaks as well.

The crucial decision here is to stick to your 401K by continuously contributing until your retirement has commenced. When conditions are favorable and promising enough, then it's time to increase your annual limit.

Talk to your financial adviser or check out the IRS website for more details about 401K contributions and limits.

You can also find this article published on [401K Contribution Limit - Should You Stick To The Limit Or Not?](#), and on the tag pages [401k contribution limit](#), [401k contribution limits](#), [company](#), [contribution](#), [maximum 401k contribution](#), [time](#).