The Investment Priority Ladder

A step-by-step framework for where to invest — in the right order

by Equity Anchor

Most investors ask *what* to invest in. But **where** you invest matters just as much. The Investment Priority Ladder shows you which accounts to fund first to minimize taxes, maximize employer benefits, and grow wealth as efficiently as possible.

1

Capture 100% of Your Employer 401(k) Match

Before anything else, contribute enough to your employer-sponsored 401(k) to receive the full company match. An employer match is an immediate, guaranteed 50–100% return on your money — no investment in the world can reliably beat that. Whether your employer matches 50 cents or dollar-for-dollar, leaving any of it on the table is equivalent to turning down a portion of your salary.

Why here? Why first? Because it's literally free money with an instant guaranteed return.

2

Max Out Your Health Savings Account (HSA)

If you have access to a High-Deductible Health Plan (HDHP), an HSA is the only account in the U.S. tax code that is triple tax-advantaged: contributions go in pre-tax, grow tax-free, and withdrawals for qualified medical expenses are also tax-free. After age 65, you can withdraw for any reason (taxed like a traditional IRA). The HSA is a powerful stealth retirement account hiding in plain sight.

Why here? Why second? Triple tax advantages beat every other account type available to most investors.

3

Fund Your Roth IRA

A Roth IRA lets you invest after-tax dollars today so that all future growth and qualified withdrawals are completely tax-free. This is most powerful when you expect your tax rate to be higher in retirement than it is now — which is true for most people in their early and mid-career years. Roth IRAs also offer unmatched flexibility: you can withdraw your contributions (not earnings) at any time without penalty.

Why here? Why third? Tax-free growth for decades is extraordinarily valuable, and flexibility adds a safety net.

4

Max Out Any Additional IRA

If you have access to another IRA — such as a Traditional IRA, SEP-IRA, or SIMPLE IRA — fund it next. A Traditional IRA may offer a tax deduction today (depending on your income and access to a workplace plan), reducing your taxable income now and deferring taxes until retirement. Specialized accounts like the SEP-IRA are especially valuable for self-employed individuals and small business owners with higher contribution limits.

Why here? Why fourth? Additional tax-sheltered space is still highly valuable even after the Roth.

5

Max Out Your 401(k)

Once all the above buckets are filled, return to your 401(k) and maximize your contributions up to the IRS annual limit. While your 401(k) has limited investment options and higher fees compared to an IRA, it still provides powerful pre-tax or Roth growth on a large amount of money. Maxing it out is a tremendous wealth-building move that most Americans never achieve.

Why here? Why last? Investment flexibility is more limited in a 401(k), so we exhaust better accounts first.

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