

## Traditional IRA

### Who can contribute?

- ▶ Anyone under age 70½ who earns compensation (or who is filing jointly with a spouse who earns compensation)
- ▶ Contributions cannot exceed compensation.

### Tax benefits\*

- ▶ Many people can deduct contributions on their tax returns.
- ▶ All earnings are tax-deferred.
- ▶ Taxable distributions of earnings are penalty-free for a first-time home purchase\*,\* certain higher-education expenses and large medical costs.

## Roth IRA

### Who can contribute?

- ▶ Anyone who earns compensation (or who is filing jointly with a spouse who earns compensation) with income less than the limits set by Congress. Check with a tax professional for current income limits.
- ▶ Contributions cannot exceed compensation.

### Tax benefits\*

- ▶ Contributions are non-deductible but qualified distributions are tax-free.
- ▶ Taxable distributions of earnings are penalty-free for a first-time home purchase,\*\* certain higher education expenses and large medical costs.

\* List not all-inclusive.

\*\* Lifetime limit for exemption on a first-time home purchase is \$10,000 per person.

### Call or stop in today.

No matter what stage of life you're in, our IRA professionals can help you compare your options and determine which one is best for you.

Not intended as tax advice. Please consult a tax professional.



# Credit Union IRAs – a plan for all stages of life



*No matter what stage of life you're in, a credit union IRA can help with your financial planning. The future arrives every day – now is the time to prepare for it.*

## Just getting started in your career.

As you start building your career, start building your retirement plan. A Roth IRA can provide you with tax-free withdrawals when you retire. As time goes by, you will be amazed at the power of compounding interest and its effect on your account.

The example below shows the value of opening your Roth IRA as early as possible. Michelle contributes half of what Charles does to a Roth IRA. But she starts earlier, and accumulates almost \$112,000 more.

	Michelle	Charles
Contributions	\$60,000 over 15 years (\$4,000/year from age 21 to age 35)	\$120,000 over 30 years (\$4,000/year from age 36 to age 65)
IRA's Value at age 65	\$391,697	\$279,043
Tax-free Earnings (qualified withdrawals)	\$331,697	\$159,043

*This example assumes a dividend rate of 5%.*

## Planning as a couple.

We can help both you and your spouse set up your IRAs. If you both earn income, you can both contribute to your own IRA based on your own compensation.

If you earn less than your spouse and you file a joint tax return, then you can contribute up to the limit based upon your joint compensation less your spouse's IRA contributions.

## Flexibility for your growing family.

Investing in an IRA provides flexibility for your changing financial needs. Depending on the type of IRA you invest in, your investment can be used for:

- ▶ A first-time home purchase
- ▶ Qualified college education expenses
- ▶ Coverdell Education Savings Account

A Coverdell Education Savings Account can also help you start saving early for the high cost of higher education. Contributions of up to \$2,000 per year can be made for each child by anyone meeting the income limits. Contributions are not tax-deductible, but withdrawals are tax-free if used for qualified education expenses.

## Securing your retirement.

Of course, the “R” in IRA stands for “Retirement.” And that's what the account is all about. If you're already retired, or nearing that date, you should consider a safe, secure credit union IRA.

Traditional IRA distributions are subject to income taxes. But if you're over 59½ and have had a Roth IRA for five years, all your withdrawals are tax-free.

**Call or stop in today – and get started with your credit union IRA!**

