A credit union IRA can do all this for you and more!

Choosing between a traditional IRA and a Roth IRA.

The main question to consider is: Do you want to save on taxes now or when you retire?

Traditional IRA

If you want to save on taxes now, choose a traditional IRA.

Traditional IRAs make sense if you want a tax deduction now or if you think you'll be in a lower tax bracket when you retire.

Roth IRA

If you want to save on taxes when you retire, choose a Roth IRA.

Roth IRAs are a good fit if you don't need the tax break now. If flexibility is what you need, consider a Roth IRA.

A Roth IRA is a more flexible investment because:

1. You can withdraw regular contributions at any time, tax-free and penalty-free.
2. You do not have to take mandatory distributions at age 70½.

Call or stop in today.

Our IRA professionals can explain your options, answer any questions you may have and help you open your IRA.

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

#26234

Individual Retirement Accounts

Introduction to traditional and Roth IRAs

Traditional and Roth IRAs can help you hold on to more of your money!

Traditional and Roth IRAs are personal savings plans that allow you to keep more money for yourself and pay less to Uncle Sam.

This brochure will give you the basics of traditional and Roth IRAs. Your credit union will be happy to answer any questions you may still have.

	Roth IRA	Traditional IRA
Who can contribute?	▶ You are eligible if your MAGI* is within the limits set by Congress and you earn compensation (or your spouse earns compensation and you file a joint return). If your MAGI is too high to contribute the annual maximum, you may be able to make a smaller contribution. ▶ Starting in 2010, anyone with a traditional IRA or QRP** can convert money from these plans into a Roth IRA, regardless of income and tax filing status. Taxable income resulting from the conversion may be deferred in 2010 and split evenly over 2011 and 2012.	▶ You are eligible if you have not reached age 70½ at the end of the year and you earn compensation (or your spouse earns compensation and you file a joint return). ▶ Anyone receiving an eligible rollover distribution from a traditional qualified retirement plan (QRP) who wants to continue to defer income taxes by moving the money to a traditional IRA.
How much can I contribute each year?	▶ $5,000 ▶ Owners age 50 and older can contribute up to $6,000 ▶ Cannot exceed compensation.	▶ $5,000 ▶ Owners age 50 and older can contribute up to $6,000 ▶ Cannot exceed compensation.
What are the tax advantages?	▶ Earnings are tax-free if account is open for five tax years and withdrawn for a qualified reason (age 59½, disability, death or a first-time home purchase***). ▶ Not required to start withdrawals at age 70½	▶ Earnings grow tax-deferred until withdrawn ▶ Contributions may be tax-deductible

* MAGI - Modified Adjusted Gross Income. Contribution and deductibility limits change frequently. Consult your tax professional regarding your individual circumstances.

** QRP - Qualified Retirement Plan such as a 401(k), 403(b), or a 457 governmental plan.

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

Don't cash out, roll it over!

Roll over your retirement plan dollars into an IRA.

If you leave your job or retire, and you have earned benefits in a traditional QRP, you can keep the tax-deferred status of the funds by rolling them over directly into a traditional IRA.

As an alternative, you can choose to roll the funds into a Roth IRA. You are required to pay taxes on all or most of the amount rolled over. In exchange, you gain the potential to receive tax-free distributions in retirement. Because choosing the best alternative is complicated, we recommend consulting a tax professional before taking action.