

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

**ira**

individual retirement accounts

### **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.

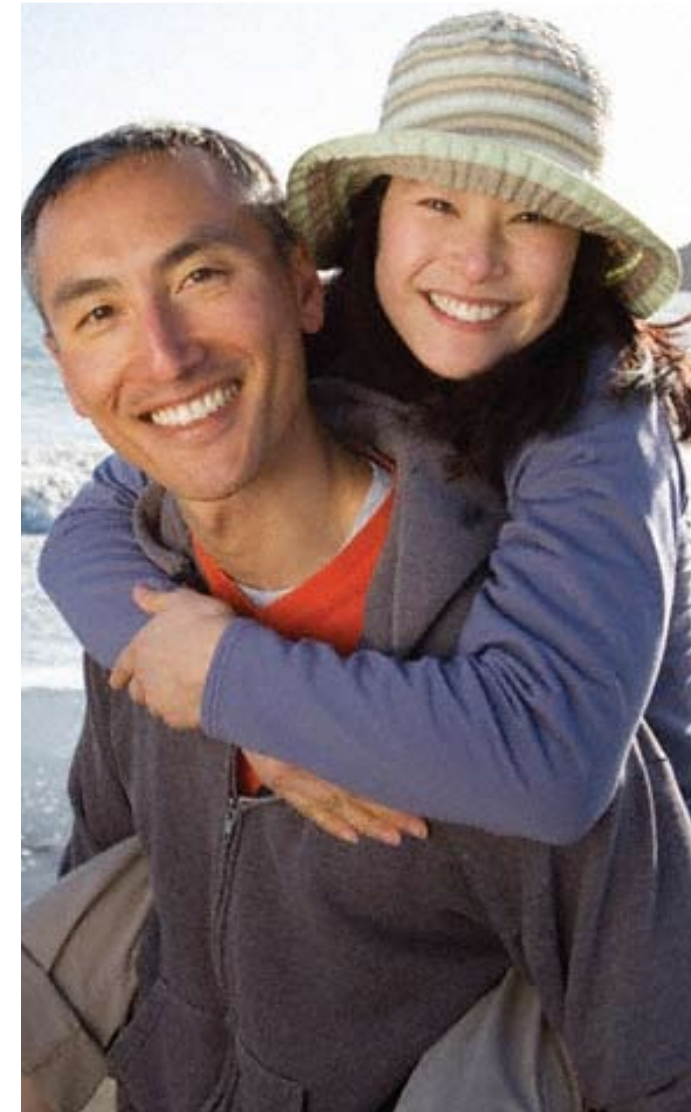
A Roth IRA is a more flexible investment because:

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.

## Introduction to traditional and Roth IRAs



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

## 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 less than the limit 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 contribution limit, you may be able to make a smaller contribution.

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 who has received a distribution from a qualified retirement plan and decides to roll over the proceeds of the plan into an IRA.

#### How much can I contribute?

- \$4,000 for 2007 and \$5,000 for 2008
- For owners age 50 and older, your limits increase to \$5,000 for 2007 and \$6,000 for 2008.
- Cannot exceed compensation

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#### 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.

\*\* 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 qualified retirement plan, you can keep the tax-deferred status of the funds by rolling them over directly into a traditional IRA.

Funds rolled over into a traditional IRA can be converted into a Roth IRA. Starting in 2008, funds can be moved directly from a qualified retirement plan into a Roth IRA (subject to the normal rules for making an IRA conversion contribution).