

Individual Retirement Accounts



An Individual Retirement Account (IRA) offers a tax advantage to help you save money to cover expenses after retirement. The Credit Union offers both the Traditional IRA and the Roth IRA.

Traditional IRA

Every individual under age 70 $\frac{1}{2}$ who has earned income may contribute to this personal pension plan. The money deposited is exempt from federal taxes until it is withdrawn. The money you place in your IRA may be deducted from your taxable gross income each year under certain criteria, so consult your tax advisor.

Contributions made between January 1 and April 15 may be tax deductible in either the current or prior tax year, but not both.

Distributions must begin no later than age 70 $\frac{1}{2}$. Earnings are taxed only upon withdrawal.

Roth IRA

Funds deposited into a Roth IRA are after-tax dollars. Because these funds are not tax-deductible at the time they are deposited, contributions may be withdrawn tax-free at any time. There are no time limits on distributions after retirement.

There are no maximum or minimum age limits for Roth contributions.

Earnings on a Roth IRA accumulate tax-free and withdrawal of earnings will not be subject to taxation or penalty if it meets the following two criteria.

1. Five years have passed since the first taxable year for which a Roth contribution was made, and
2. The Roth IRA owner falls into one of these categories:
 - Age 59 $\frac{1}{2}$ or older
 - Permanently disabled
 - First home purchase (\$10,000 maximum withdrawal)
 - Deceased

IRS Contribution Limits for Traditional and Roth IRAs

The Internal Revenue Service (IRS) places limits on contributions to both Traditional and Roth IRAs. Contribution limits are cumulative and are based on age and income. Be sure to check with your tax advisor on the current limits for your age bracket.

Individuals may open both Traditional and Roth IRA, or multiple IRAs of either type; however, the combined contribution to all these accounts cannot exceed the IRS limits.

Contribution Restrictions

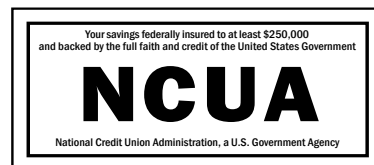
The Traditional IRA has contribution limits based on income levels only if the contributor is an active participant in an employer retirement plan. Roth IRAs have contribution phase outs based on the income level of the contributor.

Consult a tax professional

To insure that you take full advantage of an IRA's tax benefits, we recommend that you contact your tax advisor for details. You may also want to consult IRS Publication 590, Individual Retirement Arrangements, or IRS Publication 970, for more information on rules, penalties, and exceptions.

Your IRA is Federally Insured By the NCUA

The National Credit Union Association insures your IRA up to \$250,000. A member may have more than \$250,000 in insurance because IRAs are insured separately from other accounts.



Federally Insured by the NCUA

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