

# INDIVIDUAL RETIREMENT ACCOUNT OVERVIEW

	Traditional IRA	Roth IRA	Coverdell Education Savings Account
<b>Purpose</b>	Allows you to save for retirement, a first-time home purchase up to \$10,000 or qualified higher education expenses.	Allows you to save for retirement, a first-time home purchase up to \$10,000 or qualified higher education expenses.	Allows you to save for a child's education expenses, including qualified elementary, secondary and post-secondary expenses.
<b>Advantages</b>	Contributions are potentially tax-deductible; earnings grow tax-deferred but are taxed upon withdrawal at your tax bracket at that time.	Contributions are not tax-deductible, but growth is generally tax-free (under several conditions), regardless of participation in an employer-sponsored retirement plan such as a 401(k).	Growth is generally tax-free; withdrawals for qualified education expenses are tax-free.
<b>Eligibility</b>	Any individual under age 70½ with earned income.	Any individual with earned income not exceeding modified adjusted gross income limits.	Any individual with income not exceeding modified adjusted gross income limits; beneficiary must be under age 18.
<b>Maximum Annual Contribution</b>	<p>\$5,000 contribution or up to 100% earned income per individual, whichever is less.</p> <p><i>IRA holders age 50 and older are allowed an additional \$1,000 annual contribution.</i></p>	<p><b>Single</b> Modified adjusted gross income of up to \$107,000: \$5,000 contribution or up to 100% earned income per individual, whichever is less.</p> <p>Modified adjusted gross income of up to \$122,000: partial contributions allowed.</p> <p><b>Married, filing jointly</b> Modified adjusted gross income of up to \$169,000: \$5,000 contribution or up to 100% earned income per individual, whichever is less.</p> <p>Modified adjusted gross income of up to \$179,000: partial contributions allowed.</p> <p><i>IRA holders age 50 and older are allowed an additional \$1,000 annual contribution.</i></p>	<p><b>Single</b> Modified adjusted gross income of up to \$95,000: \$2,000 per child.</p> <p>Modified adjusted gross income of up to \$110,000: partial contributions allowed.</p> <p><b>Married, filing jointly</b> Modified adjusted gross income of up to \$190,000: \$2,000 per child.</p> <p>Modified adjusted gross income of up to \$220,000: partial contributions allowed.</p>
<b>Tax Deductibility of Contributions</b>	<p><b>Individual</b> \$5,000<sup>1</sup> or 100% earned income per individual, whichever is less.</p> <p><b>Married, filing jointly</b> \$10,000<sup>1</sup> not to exceed \$5,000 per each IRA.</p>		
<b>Withdrawals</b>	<p>Penalty-free<sup>2</sup> after age 59½, to purchase first home, for higher education, disability or upon death.</p> <p>Required at age 70½.</p>	<p>Tax-free<sup>2,3</sup> after five years and after age 59½, to purchase first home, for higher education, disability or upon death.</p>	<p>Tax-free if used to pay qualified educational expenses, otherwise earnings are taxable and subject to a 10% penalty.</p>

<sup>1</sup>If covered by a retirement plan, fully deductible contributions may be possible if modified adjusted gross income is up to \$56,000 for single taxpayers or up to \$90,000 for married, filing jointly. In addition, reduced deductible contributions may be allowed for modified adjusted gross income levels from \$56,000 to \$66,000 (single) and from \$90,000 to \$110,000 (married, filing jointly). Spouses of participants in retirement plans qualify for fully deductible contributions if modified adjusted gross income is up to \$169,000 (married, filing jointly). Reduced deductible contributions may be allowed for modified adjusted gross income from \$169,000 to \$179,000 (married, filing jointly).

<sup>2</sup>Taxable distributions are not subject to the 10% early withdrawal penalty if the individual is at least 59½, deceased, disabled or if taking equal periodic payments over his or her life expectancy for at least five years or until age 59½, whichever comes later, or for college expenses, first-time home purchases up to \$10,000, certain medical expenses and certain other uses.

<sup>3</sup>Withdrawals from a Roth IRA after the account has been open five years are not subject to income tax or the 10% penalty if the individual is at least 59½, deceased, disabled or withdraws up to \$10,000 for first-time purchase of a home. Withdrawals after five years, but before age 59½ for college expenses, are not subject to a 10% penalty tax but the earnings are taxed at ordinary tax rates. Withdrawals of contributions made at any time are not subject to income tax or a 10% early withdrawal penalty. Withdrawals of earnings, before the account has been open for five years, are subject to income tax and, possibly, the 10% penalty tax. Withdrawals from Certificate Accounts may be subject to a penalty if not at maturity. Consult your tax advisor.

Your IRA savings are federally insured by the National Credit Union Administration to at least \$250,000 and backed by the full faith and credit of the United States Government.