



Ask Your Banker... Individual Retirement Accounts



| TRADITIONAL AND ROTH IRAS AT A GLANCE | | |
|--|---|---|
| | Traditional IRA | Roth IRA |
| Qualifications | Must have earned income and not have reached age 70 ½ by the end of the year. | Must have earned income. There are no age restrictions. |
| Maximum Contributions | Taxable years beginning in 2010 and after—\$5,000* | Taxable years beginning in 2010 and after—\$5,000* |
| Catch-Up (50+Over) | 2010 and after—\$1,000* | 2010 and after—\$1,000* |
| Tax Status of Earnings | Tax-deferred until withdrawal | Not taxed. Earnings grow tax-free. |
| Contribution Restrictions (Base On Adjusted Gross Income) | Yes, if active participant in employer retirement plan. Contribution phase-outs for 2010 tax year: Singles—\$56,000–\$66,000; Married joint—\$89,000–\$109,000 | Contribution phase-outs for 2010 tax year: Singles—\$105,000–\$120,000; Married joint—\$167,000–\$177,000 |
| Tax Deduction | Yes. Contributions up to the limit are fully tax deductible if you are not an active participant in a retirement plan. Otherwise phase-out rules apply. | No. These are after-tax dollars. |
| Penalties For Early Withdrawal | None if: - Over 59 ½ - Death or disability - Qualified medical expense - Certain health insurance - Higher education expenses - 1st time home purchase (up to \$10,000) - Due to IRS levy - Periodic payments | None if made after a 5-year period and: - Over 59 ½ - Death or disability - Qualified medical expense - Certain health insurance - Higher education expenses - 1st time home purchase (up to \$10,000) - Due to IRS levy |
| Required Distributions | Must begin by April following year participant turns 70 ½ | Only after death of participant |
| Contributions After Age 70 ½ | Not allowed | Allowed |

**To be adjusted annually for inflation in \$500 increments*

Three things to consider when using an IRA:

- 1. Contribution deadlines:** IRAs must be opened and/or funded by the April 15 tax-filing deadline to receive tax deductions.
- 2. Catch-up contributions:** Individuals who have reached age 50 by the end of the year will be able to make additional catch-up contributions of \$1,000 per year.
- 3. Saving at tax time:** Have part of your federal-tax refund deposited directly into your IRA.

REMEMBER

Retirement savings accounts are insured up to \$250,000 at FDIC-insured deposit institutions.