

Who can contribute?

How much can I contribute?

Who can make deductible contributions?

What are the tax advantages?

When can I withdraw without restriction?

Roth IRA

You are eligible if you earn compensation and your MAGI* is less than the defined limits set by Congress. If your MAGI is too high to contribute the annual contribution limit, you may be able to make a smaller contribution.

You may be able to contribute up to:

- \$4,000 for 2006 and 2007
- \$5,000 for 2008

For owners age 50 and older, you may be able to contribute up to:

- \$5,000 for 2006 and 2007
- \$6,000 for 2008

Contributions cannot exceed compensation.

No one can deduct contributions.

- Earnings are tax-deferred and withdrawals are tax-free if the account is open for five tax years and withdrawals are for a qualified reason (age 59½, disability, death, or a first-time home purchase**)
- Not required to start withdrawals at age 70½

- Regular contributions can withdrawn tax-free and penalty-free at any time
- After the account has been five tax years, earnings can withdrawn tax-free and penalty-free for any of these reasons: age 59½, disability, death, or a first-time home purchase**

Traditional IRA

Anyone under age 70½ who has income from compensation (or who is filing jointly with a spouse who earns compensation).

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

You may be able to contribute up to:

- \$4,000 for 2006 and 2007
- \$5,000 for 2008

For owners age 50 and older, you may be able to contribute up to:

- \$5,000 for 2006 and 2007
- \$6,000 for 2008

Contributions cannot exceed compensation.

Deductible up to annual contribution limit:

- Single individuals not active in employer retirement plans
- Single individuals active in qualified retirement plans with MAGI below defined limits
- Married couples with neither spouse active in an employer retirement plan
- Married individuals active in qualified retirement plans filing joint tax returns with MAGI below defined limits
- Married individuals not active in qualified retirement plans filing joint tax returns with spouses who are, as long as MAGI is below defined limits

No one can deduct contributions.

- Withdrawals for qualified education expenses are tax-free
- Qualified education expenses include tuition, fees, books, computer equipment and technology required for elementary, secondary and post-secondary education
- A beneficiary may receive tax-free distributions from a Coverdell ESA in the same year he or she claims the Lifetime Learning or HOPE Scholarship tax credits

- Withdrawal penalty-free for any following reasons:
 - Qualified higher-education
 - First-time home purchase**
 - Age 59½
 - Disability
 - Qualifying medical expenses exceeding 7.5% of adjusted gross income
 - Payment to beneficiaries up the owner's death
 - Payment of health insurance premiums while unemployed 12 weeks or longer

Coverdell Education Savings Account (ESA)

You are eligible if your MAGI is less than the limits set by Congress. If your income is too high to contribute the annual contribution limit, you may be able to make a smaller contribution. Check with a tax professional for current figures.

Contributions not allowed after the beneficiary reaches age 18 (except for special needs beneficiaries).

- \$2,000 per child each year
- Limit applies to all Coverdell Education Savings Accounts (ESA) for the same child

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

Choose the IRA that meets your needs.

Learn your IRA options using this quick reference to traditional IRAs, Roth IRAs and Coverdell Education Savings Accounts (ESAs).

The chart inside highlights the details and advantages of the accounts. If you are eligible to contribute to both a traditional IRA and a Roth IRA and are still unsure which account is right for you, follow these general rules-of-thumb:

1. Choose a Roth IRA if you don't need the tax break right now. It's a more flexible investment because:
 - a. You can withdraw regular contributions at any time, tax-free and penalty-free.
 - b. You do not have to take mandatory distributions at age 70½.
2. Choose a traditional IRA if you want the tax deduction right now. It also makes sense if you anticipate paying taxes at a significantly lower rate in retirement.

Also remember, Coverdell ESAs offer tax-free distributions and, unlike section 529 plans, can be used for elementary and high school expenses at most public, private and parochial schools.

Call or Stop in Today.

Our IRA professionals can answer your questions and help you open your account.

ira
individual retirement account

Comparing Your IRA Options



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

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