

# Roth IRA

## Can I contribute?

You are eligible to contribute if you earn compensation (or file a joint tax return with a spouse who earns compensation) and your modified adjusted gross income (MAGI) is less than or within the defined limits. See the MAGI chart below.

## Can I take an income tax deduction for my contribution?

No. Roth IRA contributions are not tax-deductible.

## What are the MAGI limits?

Tax Filing Status		Full Contribution	Partial Contribution	No Contribution Allowed
Single	2015	\$114,000 or less	\$114,000-\$129,000	\$129,000 or more
Married, filing jointly	2015	\$181,000 or less	\$181,000-\$191,000	\$191,000 or more

*\*MAGI is your adjusted gross income before certain deductions or adjustments to income are made. MAGI limits are subject to annual cost-of-living adjustments (COLAs).*

## How much can I contribute each year?

Depending on your MAGI, you may be able to contribute up to \$5,500 for 2015, or if you are age 50 and older, up to \$6,500 for 2015.

Contributions cannot exceed your annual compensation.

## What are the benefits?

- You may qualify for a saver's tax credit of up to \$1,000 when you make a contribution.
- Because all Roth IRA contributions must be included in your taxable income, and therefore are not tax-deductible, you can withdraw your contributions at any time, tax-and penalty-free.
- Any earnings generated within the IRA are tax-deferred (you do not pay tax on the earnings until you withdraw them).
- If you satisfy the qualified distribution requirements, you can withdraw the earnings tax-free, which is the ultimate advantage of having a Roth IRA.
- You are never required to take money out of your Roth IRA, no matter what your age.

*\*A Roth IRA qualified distribution occurs when money is withdrawn from your Roth IRA after you have owned a Roth IRA for at least five years, and you are age 59 ½ or older, disabled, a first time homebuyer, or are deceased.*

## Will I ever be required to withdraw the money?

No. Roth IRA owners are never required to take distributions. After your death, however, your beneficiaries may be subject to required distributions.

**NOTE:** You may be subject to a 10 percent early distribution penalty tax on any taxable amount taken from either a Traditional or Roth IRA before you reach age 59 ½, unless you qualify for one of these penalty exceptions: disability, certain health insurance costs, certain medical expenses, higher education expenses, first-time homebuyer expenses, substantially equal periodic payments, IRS tax levy, qualified military reservist distributions, or death (beneficiary distributions).

# Traditional IRA

You are eligible to contribute if you are under age 70 ½ and earn compensation (or file a joint return with a spouse who earns compensation).

Whether your Traditional IRA contribution is deductible on your federal income tax return depends on your marital and tax-filing status, your MAGI, and whether you or your spouse actively participate in an employer-sponsored retirement plan. If neither you or your spouse, if married, are an active participant, you are eligible to deduct your full contribution. Otherwise, see the MAGI chart below.

Tax-Filing Status	Year	Full Deduction	Partial Deduction	No Deduction Allowed
Single, Active Participant	2015	\$60,000 or less	\$60,000-\$70,000	\$70,000 or more
Married, Active Participant, Filing Joint Tax Return	2015	\$96,000 or less	\$96,000- \$116,000	\$116,000 or more
Married, Filing Joint. Not Active Participant; spouse is	2015	\$181,000 or less	\$181,000-\$191,000	\$191,000 or more

You can contribute up to \$5,500 for 2015, or if you are age 50 and older, up to \$6,500 for 2015.

Contributions cannot exceed your annual compensation.

- You may qualify for a saver's tax credit of up to \$1,000 when you make a contribution.
- Any earnings generated within the IRA are tax-deferred (you do not pay tax on the earnings until you withdraw them).
- If your Traditional IRA contributions are tax-deductible and therefore tax-deferred, you do not pay taxes on them until you withdraw the money.
- Any after-tax amounts (nondeductible contributions) within your IRA can be withdrawn tax-and penalty free.

Yes. Traditional IRA owners are required to take annual minimum distributions beginnings for the year they turn age 70 ½. Your beneficiaries also will be subject to required distributions.

# Exploring Your IRA Options

## Roth IRA VS. Traditional IRA

Learn what each type of IRA has to offer so that you can get the most out of your retirement savings.

This side-by-side comparison is intended to give you a general overview of the main differences between Traditional and Roth IRAs. The question of which one is right for you may simply be a matter of whether you want to save on taxes now or later. A Traditional IRA may make sense if you want a tax deduction now or you anticipate being in a lower tax bracket during retirement. A Roth IRA may be more fitting if you can afford to pay the taxes now in order to save on taxes when you retire.



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