Of Interest... IRAs | Traditional & Roth

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A personal retirement savings plan that may give you certain tax advantages

It's never too early to plan for your retirement, and an Individual Retirement Accounts (IRA) is an easy, self-directed and convenient account option. Of the various types of IRAs, Traditional and Roth are the most common. Here is an overview of the differences.

Is there an income requirement in order to be eligible to contribute?

Yes, for either type of IRA you (or your spouse if you file a joint return) must have earned income such as wages, salaries, commissions, tips, bonuses, or income from self-employment.

What are the tax advantages?

Traditional IRA contributions may be deductible from income during the year in which the contribution was made. Also, the investment earnings made are not taxed until distribution.

Although **Roth IRA** contributions are not tax deductible, when a withdrawal is made it is distributed tax-free, as long as certain requirements are met.*

Are there income limits that determine who can contribute?

No, anyone may contribute to a **Traditional IRA**. However, contributions are only tax deductible with certain income and tax filing status requirements. The ability to contribute is also limited by eligibility to contribute to an employer-sponsored retirement plan.

Yes for **Roth IRAs**, but only if certain income and tax filing requirements are met.

Are there age limits that determine who can contribute?

No, there are no age limits for contributions to a Traditional or Roth IRA. However, required minimum distribution (RMD) rules apply at 73, depending on when you were born.

Individual Retirement Account Features & Benefits:

- Contribution limits vary from year to year, with additional options based on your age - please contact us at **1-800-848-0018** to get the current year's limits.
- IRA Contributions can be made automatically via direct deposit or payroll deduction.
- 401(k)s from previous employers can be rolled into an IRA account to avoid penalties and taxes.
- Once an IRA, always an IRA - even if you move your IRA to another financial institution, you get the same benefits so it pays to shop around for the best rates.
- Credit Union IRAs are separately insured up to $250,000 by the National Credit Union Association - this additional coverage means our members can keep more money in one place with full coverage - at Qualstar!

*Roth IRA distributions can be made without penalties and federal income taxes if the account was established at least five tax years before the withdrawal period (begins with the tax year for which the first contribution is made) and the distribution must be (1) made on or after the age of 59$^{1/2}$; (2) made to the beneficiary or estate after the accountholder's death; (3) attributable to being disabled; or (4) taken for a qualified first-time home purchase (lifetime limit of $10,000).

When you're ready to make the most of your hard-earned money...

- Visit **qualstarcu.com/savings-accounts**
- Call us at **1-800-848-0018**
- Visit one of our **branch locations**

QUALSTAR® CREDIT UNION

1-800-848-0018
www.qualstarcu.com

This credit union is federally insured by the National Credit Union Administration.

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