

# TRADITIONAL & ROTH IRA

Including inflation indexed  
amounts for tax years  
2015 and 2016

## Side by Side Comparisons of Two Popular Retirement Accounts

TRADITIONAL  
& ROTH  
IRA

### Am I Eligible To Contribute?

**Roth IRA:** Unlike a Traditional IRA, Roth IRA participants may continue to make contributions after they have reached age 70½. Individuals who have earned compensation or have received alimony may contribute to a Roth IRA provided their income falls within the following guidelines:

#### Single Person Filing Individually

Tax Year	Full Contribution if your modified AGI* is:	Partial Contribution if your modified AGI* is between:
2015	\$116,000 or less	\$116,000 – \$131,000 no contribution if \$131,000 or more
2016	\$117,000 or less	\$117,000 – \$132,000 no contribution if \$132,000 or more

#### Married Couple Filing Jointly

Tax Year	Full Contribution if your modified AGI* is:	Partial Contribution if your modified AGI* is between:
2015	\$183,000 or less	\$183,000 – \$193,000 no contribution if \$193,000 or more
2016	\$184,000 or less	\$184,000 – \$194,000 no contribution if \$194,000 or more

\* Adjusted Gross Income

**Traditional IRA:** Individuals who are under 70½ years of age for the entire tax year and who have earned compensation or have received alimony may contribute to a traditional IRA.

### How Much Can I Contribute Annually?

**Roth & Traditional IRAs:** The amount qualified IRA owners are permitted to contribute in tax year 2015 is \$5,500. In 2016 the maximum contribution limit is also \$5,500. Additional catch-up contributions can be made by qualified individuals age fifty or older. Future contribution limits will be adjusted annually for inflation in \$500 increments.

Qualified participants are permitted to annually contribute the following maximum amounts or 100% of your earned compensation and alimony; whichever is less:

#### Maximum Contribution Limits

Tax Year	Under Age 50	Age 50 or Over
2015	\$5,500	\$6,500
2016	\$5,500	\$6,500

Spousal IRA rules enable married couples filing jointly to contribute the maximum amount to their separate Traditional or Roth IRA accounts even if one spouse has little or no earned income. To qualify, their combined earned income must be equal to or greater than the total contributed amount.

IRA owners may make contributions to both a Roth IRA and a Traditional IRA in the same year. However, it is important to note that your combined Roth and Traditional IRA contributions may not exceed the maximum contribution limit in a given tax year.

### Are My Contributions Tax Deductible?

**Roth IRA:** Contributions to a Roth IRA are not tax deductible.

**Traditional IRA:** Contributions to a Traditional IRA are fully deductible if neither you nor your spouse is an active participant in an employer sponsored retirement plan. If you are not an active participant in an employer sponsored retirement plan, but your spouse is, you may deduct the following:

#### Married Couple Filing Jointly

Spouse is an active participant in an employer sponsored retirement plan

Tax Year	Full Deduction if your modified AGI* is:	Partial Deduction if your modified AGI* is between:
2015	\$183,000 or less	\$183,000 – \$193,000 no deduction if \$193,000 or more
2016	\$184,000 or less	\$184,000 – \$194,000 no deduction if \$194,000 or more

\* Adjusted Gross Income

If you do participate in an employer sponsored retirement plan, your income and filing status will determine the amount of your contribution that is deductible from taxes:

### Single Person Filing Individually

Contributor is an active participant in an employer sponsored retirement plan

Tax Year	Full Deduction if your modified AGI* is:	Partial Deduction if your modified AGI* is between:
2015	\$61,000 or less	\$61,000 — \$71,000 no deduction if \$71,000 or more
2016	\$61,000 or less	\$61,000 — \$71,000 no deduction if \$71,000 or more

### Married Couple Filing Jointly

Contributor is an active participant in an employer sponsored retirement plan

Tax Year	Full Deduction if your modified AGI* is:	Partial Deduction if your modified AGI* is between:
2015	\$98,000 or less	\$98,000 — \$118,000 no deduction if \$118,000 or more
2016	\$98,000 or less	\$98,000 — \$118,000 no deduction if \$118,000 or more

\* Adjusted Gross Income

## Will I receive Tax Free Distributions?

**Roth IRA:** You will receive your qualified distributions tax and penalty free provided:

1. the distribution is made after the 5-year taxable period beginning with the first taxable year in which a Roth contribution was made. *AND...*
2. the distribution was made:
  - after the recipient has reached age 59 ½ *OR*,
  - due to permanent disability or,
  - to a beneficiary in the case of death or,
  - for first-time home buyer's expenses, up to \$10,000.

Unqualified distributions of earnings are includible in income and subject to the 10% early withdrawal tax, unless one of the exceptions listed under Traditional IRAs applies.

**Traditional IRA:** You must pay income tax on distributed amounts from a Traditional IRA attributable to deductible contributions and earnings.

Amounts withdrawn prior to age 59 ½ are also subject to an additional 10% early withdrawal tax unless one of the following exceptions applies to the distribution:

1. it is made due to death or disability,
2. it is made in the form of certain periodic payments,
3. it is used to pay medical expenses in excess of 7.5% of AGI,
4. it is used to purchase health insurance for unemployed individuals,
5. it is used for qualified education expenses,
6. it is used for first-time home buyer expenses of up to \$10,000.
7. or it is made to a qualified reservist called to active duty after September 11, 2001.

## Am I required to receive distributions during my lifetime?

**Roth IRA:** As a Roth IRA owner, you are never required to take any distributions from your account during your lifetime.

**Traditional IRA:** As a Traditional IRA owner, you are required to begin taking minimum distributions from your accounts at age 70 ½. Your required minimum distributions must be distributed to you by December 31 of each year after that. You may choose to delay your first RMD until April 1 of the calendar year following the year in which you attain age 70 ½. However, if you choose to wait, you will also be required to take another distribution by December 31 of that same year to satisfy that year's RMD requirement.

## If I die, what happens to my IRA?

**Roth & Traditional IRAs:** The entire amount of your IRA will be paid to your beneficiary or beneficiaries. They can determine the manner in which the account is paid.

**IMPORTANT NOTE** - The information contained in this brochure is not intended to provide specific advice or recommendations for any individual. We recommend that you consult your attorney, tax or financial advisor with regard to your personal situation.

## Is My IRA Insured?

**Roth & Traditional IRAs:** Your individual retirement accounts at our institution are added together and federally insured up to a combined total of \$250,000. Retirement accounts are insured separately from any Single, Joint or Revocable Trust accounts you have on deposit at our institution. This \$250,000 of insurance coverage applies to federally insured retirement deposits only.

**Investments such as mutual funds, stocks, bonds, etc. are not guaranteed and may lose value.**