

Roth IRA's

An Individual Retirement Account (IRA) is an excellent tool for retirement savings. Unlike most investments, depending on the type of IRA you choose, contributions may be tax deductible and will grow either tax-deferred or tax-free. BENCHMARK offers Traditional, Roth & Educational IRA.

What Is A Roth IRA?

A Roth IRA is a special savings plan authorized by the Federal government to help you accumulate funds for your retirement. Contributions are non-deductible but all withdrawals, including earnings, are tax-free if the account has been open for five years and the account holder is 59 ½ or older.

Who Is Eligible To Contribute To A Roth IRA?

Every individual who has earned income or received alimony may contribute. Income from other sources such as investments or inheritances does not qualify. The accounts are available to couples with a modified adjusted gross income (MAGI) of up to \$150,000 and singles up to \$95,000. Contributions are phased out between \$150,000 and \$160,000 for couples and \$95,000 to \$110,000 for singles.

I Am An Active Participant In An Employer-Sponsored Retirement Plan, Can I Contribute To A Roth IRA?

The fact that you participate in an employer-sponsored retirement plan does not exclude you from making a non-deductible contribution to a Roth IRA.

Are interest and dividend earnings tax deferred?

All the earnings you accumulate in your IRA remain tax sheltered and if they remain in the account for a period of five successive tax years they can be withdrawn tax-free. There are certain criteria that must be met to enjoy tax-free and penalty-free distributions.

How Much Can I Contribute To A Roth IRA?

Maximum \$5000.00 Catch up age 50 or over additional \$1000.00 =6000.00

Must I Contribute The Full Amount Each Year?

No. You can contribute any amount your budget allows, either in one or more contributions. In fact, if you choose, you need not make any contribution in a given year.

When Can I Make Withdrawals?

Penalty-free and tax-free withdrawals of your contributions are permitted at any time (until total distributions from all Roth IRAs exceed the contribution amount – no distribution is subject to either taxation or penalty). Tax-free withdrawals of earnings are permitted after age 59 ½, in the event of death or total disability, or as a qualified first-time home buyer (up to \$10,000). In order to be tax-free they must have remained in the account for a period of five successive tax years. There is no mandatory age requirement for distributions and funds may remain in the account during the account owner's lifetime.

Can A Traditional IRA Be Converted To A Roth IRA?

Yes, a Traditional IRA can be converted to a Roth IRA if your adjusted gross income in the year of conversion is under \$100,000 (same for both single filers and married couples who file jointly). Married taxpayers who file separately are not eligible for a Roth conversion.

If I Contribute To A Roth IRA, Will It Affect The Amount That I Can Contribute To My Employer-Sponsored Retirement Plan?

No. The amount you contribute to your employer-sponsored plan will not be affected by your Roth IRA contribution.

Can My Roth IRA Be Inherited?

Yes. When you die, the entire proceeds can be passed on tax-free to your beneficiaries, providing your Roth IRA meets the five-year test.

What Is The Deadline For Contributing To A Roth IRA?

You can open or make contributions to your Roth IRA any time up to and including the due date of your tax return for the previous tax year, normally April 15th.

Conversion From A Traditional IRA To Roth IRA...

A Traditional IRA may be converted to a Roth IRA using special rules.

Call your local your local branch for details.