

Traditional 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 an IRA?

An Individual Retirement Account (IRA) is a special savings plan authorized by the Federal government to help you accumulate funds for your retirement.

Who is eligible to contribute to an IRA?

Every individual who has earned income or received alimony may contribute to an IRA. Income from other sources such as investments or inheritances does not qualify. Contributions may not be made for or after the year in which you reach age 70 ½.

I Am Not An Active Participant In An Employer-Sponsored Retirement Plan. May I Deduct IRA Contributions?

If you are not an active participant in an employer-sponsored pension or profit-sharing plan, you can deduct 100% of your IRA contributions regardless of income level. If your spouse is an active participant and your joint income is \$150,000 or more you cannot fully deduct your IRA contributions.

Partial deductions are permitted for joint incomes between \$169,000-\$179,000

Maximum Contribution \$5000.00 Catch up for age 50 and older \$1000.00 = \$6000.00

When Can I Make Withdrawals?

Withdrawals (distributions) are permitted any time after age 59 ½ but must start by April 1st following the year in which the participant reaches the age of 70 ½. After age 59 ½, you may make withdrawals even if you continue to earn income. It is not necessary to be retired in order to make withdrawals.

Can I Make Earlier Withdrawals?

There is a 10% penalty for withdrawing all or any part of the account before age 59 ½, with the following exceptions:

In the event of death or total disability

You may withdraw nondeductible contributions (earnings on these contributions will be taxable).

As a qualified first-time homebuyer you may withdraw up to \$10,000 during your lifetime. It must be used within 120 days to pay costs (including reasonable settlement, financing or other closing costs). This exception is available for expenses of the individual, spouse, child, grandchild, or ancestor of such individual or spouse.

If you use the withdrawal to pay qualified higher-education expenses.

If you use the withdrawal to pay for medical expenses in excess of 7.5% of your adjusted gross income or to purchase health insurance after receiving unemployment compensation for more than 12 weeks.

If the funds are paid out in a series of payments made over your life expectancy (or the joint life expectancy of you and your beneficiary).

All Contributions must be made by tax deadline, No exceptions.