

Golden Bullets

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IRAs and Roth IRAs:

THINGS TO CONSIDER

Individual retirement accounts—whether in the **traditional IRA** or **Roth IRA** guise—are some of the most powerful retirement savings tools available to individuals. They offer the opportunity to plan and save for future retirement needs, often with more flexibility and control than typical employer pension plans.

Much about IRA taxation has evolved. **New rules** have been passed affecting IRAs in just the last few months. Many of my clients still do not have a firm grip on some of the older rules. For example:

1. If you or your spouse **participate in a pension plan at work**, you may **not be able to make a deductible contribution into your traditional IRA**—depending on your income. However, if you are prevented from deducting an IRA contribution, you still may be able to make a Roth IRA contribution or a non-deductible traditional IRA contribution.
2. Even if you are older than 72, you **don't have to take any minimum distribution** from your IRA this year.
3. Those who are older than 70 ½ and who make **charitable contributions** should consider making them directly from their traditional IRAs.
4. If you make **too much money to be eligible to contribute to a Roth IRA**, you may still be able to make an indirect contribution through a strategy known as the **backdoor Roth technique**.

5. If you accidentally put too much money into your IRA, you can fix the problem without penalty if you act promptly. If you fail to act, you may be incurring an ongoing penalty.
6. **No matter how old you are**, you may still be eligible to make traditional IRA and Roth IRA contributions.
7. The rules allowing IRA beneficiaries to stretch out distributions (and the income tax results) over their lifetimes have changed. **Many beneficiaries will have to liquidate inherited IRAs within about ten years of the owner's death.**

Some of my clients are drawn to the deduction they may get for contributing to an IRA. Others like the idea of having qualified tax-free distributions from a Roth IRA. Clients in either category also enjoy the tax deferred growth that any IRA offers. In which category do you fall?

Do you have questions about your IRA accounts? Are you unsure about your eligibility to make contributions? Do you want to plan for tax-efficient distributions in retirement? I can help guide you through the decision-making process.

AS ALWAYS, PLEASE FEEL FREE TO CALL TO DISCUSS THESE OR OTHER FINANCIAL SECURITY ISSUES OF CONCERN.

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