

# Prepare for your future with a Roth IRA.

A Roth IRA helps you save for retirement with the potential for future tax-free income.



## Save now with a Roth IRA and enjoy tax-free money later.

By saving for retirement with a Roth IRA, you can look forward to

- ✓ tax-free distributions,
- ✓ not being required to take money out, and
- ✓ a possible tax credit of up to \$1,000.

But first you must be eligible for a Roth IRA.

- ✓ You (or your spouse if filing a joint tax return) must earn compensation from employment.
- ✓ Your earned compensation (or you and your spouse's combined compensation if filing a joint tax return) must be less than or within the applicable IRS limits.

Consider talking with a competent tax advisor to determine whether you're eligible and if it makes sense to contribute to a Roth IRA.

# A Roth IRA can help you save for the future. But first, you may have some questions.

## Q. What is a Roth IRA?

- A. A Roth IRA is an individual retirement arrangement that allows you to make after-tax (nondeductible) contributions with the potential to take completely tax-free distributions.

## Q. How much can I contribute?

- A. If you have compensation from employment and your modified adjusted gross income (MAGI) falls below the lowest applicable IRS limit, you can contribute 100 percent of your annual compensation up to the annual contribution limit (\$6,500 for 2023 and \$7,000 for 2024, plus \$1,000 if you are age 50 or older).\*

If your MAGI falls within the applicable IRS limits, you can contribute a portion of the annual contribution limit (amount determined using an IRS formula). If your MAGI is more than the highest applicable limit, you cannot contribute to a Roth IRA.

## MAGI Limits\*

Tax filing status		Full contribution allowed	Partial contribution allowed	No contribution allowed
Single	2023	\$138,000 or less	\$138,000–\$153,000	\$153,000 or more
	2024	\$146,000 or less	\$146,000–\$161,000	\$161,000 or more
Married, filing jointly	2023	\$218,000 or less	\$218,000–\$228,000	\$228,000 or more
	2024	\$230,000 or less	\$230,000–\$240,000	\$240,000 or more

\*Subject to annual cost-of-living adjustments

## Q. What is the annual deadline to contribute?

- A. You can contribute to your Roth or Traditional IRA until the due date for filing your federal income tax return for the year (generally April 15).

## Q. Can I contribute to both a Traditional IRA and a Roth IRA?

- A. Yes. But the contribution amounts that you make to both types of IRAs for the same year cannot total more than your annual contribution limit.

## Q. Can I contribute to a Roth IRA if I participate in another retirement plan?

- A. Yes. Your participation in a retirement plan will not affect your eligibility to contribute to a Roth IRA (assuming compensation requirements are met), nor will making Roth IRA contributions affect what you can contribute to your retirement plan.

## Q. Can I roll over other retirement plan assets to my Roth IRA, or roll over my Roth IRA to another retirement plan?

- A. Eligible assets from most retirement plans, such as your 401(k) plan, can be rolled over to Roth IRAs. Check with your plan administrator. Your Traditional IRA and SIMPLE IRA assets also can be moved to your Roth IRAs. However, you are not allowed to roll over Roth IRA assets to an employer-sponsored

retirement plan. Under certain circumstances, a Roth IRA contribution can be recharacterized as a Traditional IRA contribution.

## Q. Can I move money from my Traditional IRA to a Roth IRA?

- A. Yes. Moving your Traditional IRA money into a Roth IRA is a conversion, which generally is a taxable transaction. Any deductible (pretax) Traditional IRA assets that are converted to a Roth IRA must be included with your taxable income on your federal income tax return for the year the conversion takes place. Because of the tax consequences and reporting requirements, you may want to visit with a competent tax advisor before converting.

## Q. Can I move assets from a 529 college savings plan to a Roth IRA?

- A. Yes. Effective for 2024 and later years, the SECURE 2.0 Act of 2022 permits beneficiaries of 529 plans to roll over amounts from a 529 plan to a Roth IRA under certain conditions.

## Q. When can I withdraw money from my Roth IRA?

- A. You can withdraw the money from your Roth IRA anytime.

Depending on when you take the money out and what type of Roth IRA assets (contributions, conversion or rollover amounts, or earnings) are included in the distribution, you may be subject to income tax and an IRS penalty tax. But if you have a “qualified distribution” all assets are tax and penalty free.

## Tax-free Qualified Distribution



## Q. What is the IRS penalty tax?

- A. A 10 percent early distribution penalty tax will apply to the taxable amount of your Roth IRA distribution, unless you qualify for a penalty tax exception (age 59½ or older, death, disability, first-time homebuyer expenses, qualified higher education expenses, certain unreimbursed medical expenses, birth of a child or adoption expenses, substantially equal periodic payments, health insurance premiums during unemployment, IRS levy, qualified reservist distributions, qualified disaster-related distributions, or distributions due to a terminal illness, domestic abuse (starting in 2024), or emergency expenses (starting in 2024)).

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**Q. What happens to my Roth IRA after I die?**

- A. Any beneficiaries you designate will receive your Roth IRA assets after your death. Any tax-deferred money in your Roth IRA at the time of your death will be taxable to your beneficiaries upon distribution, unless five years have passed since the first year you contributed to a Roth IRA, in which case, all beneficiary distributions will be tax-free.

All beneficiaries may take a lump-sum payment. They may also be able to take payments over a certain number of years, depending on the year of your death. In addition, a spouse beneficiary may treat your Roth IRA as his or her own.

**For More Information**

We'd be happy to answer your Roth IRA questions.