

## What's an IRA?

Individual Retirement Accounts (IRAs) are a way to save money, with a tax break, allowing you to keep more money for yourself — and to pay less to the IRS.\*

When your IRA is invested in federally insured STCU savings or certificates, your money is always there when you need it.\*\*

## What's the best IRA for me?

There are four great IRAs to choose from, depending on your goals and tax situation:

### Traditional

Contributions to your Traditional IRA may be immediately tax deductible, but funds will be taxed when withdrawn. Withdraw funds without penalty at age 59½ or for any qualified expense such as college education, buying your first home, disability, and doctor's bills.

### Roth

Contributions to your Roth IRA are not tax deductible, but earnings grow tax free.\* Withdraw contributions any time without penalty. After five years, you can withdraw earnings without penalty at age 59½ or for qualified expenses listed under Traditional IRAs above.

### SIMPLE IRA

This is a flexible retirement plan designed for small businesses. Businesses typically benefit from lower startup and maintenance costs along with tax benefits. Employees enjoy growing their retirement savings with immediate vesting and tax advantages.\*

### Simplified Employee Pension

Business owners can make generous tax- deductible contributions into a Traditional IRA held in an employee's name. Funds are taxed when withdrawn, but contribution limits — 25 percent of income or \$72,000, whichever is less, far exceed amounts allowed for other types of IRAs.

## How much do I need to open an IRA?

No minimum for IRA savings at STCU. Just \$500 to open an IRA certificate. See the chart for annual contribution limits.

## Doubles as an emergency fund

An IRA at STCU provides solid retirement income in a federally insured, tax-advantaged account. And along the way, you have the option to make qualified withdrawals of IRA funds for critical one-time expenses such as college, buying your first home, doctor's bills, and more.

## Transfer your retirement account to STCU

With one visit to any STCU branch location, you can have your retirement accounts transferred from any institution. Ask us how!

\*Consult your tax adviser. Tax laws change frequently.

\*\*Federally insured by NCUA up to \$250,000.

## How to open an STCU IRA

- Visit any of our convenient branch locations.
- Call us at (509) 326.1954 Washington; (208) 619.4000 Idaho; or toll-free (800) 858.3750
- Learn more at [stcu.org/iras](http://stcu.org/iras)

Insured by NCUA.

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## Individual Retirement Accounts Use this chart to determine the IRA that's best for you.

	<b>Traditional IRA</b> Get an immediate tax deduction on your contributions. Great for those who expect to be in a lower tax bracket when they retire.	<b>Roth IRA</b> Withdraw regular contributions tax-free and penalty-free any time. Use as an emergency fund.
<b>Who can contribute?</b>	<ul style="list-style-type: none"> <li>• Anyone who receives compensation (wages, salaries, commissions, tips, fees, etc.) or who is filing jointly with a spouse who earns compensation.</li> <li>• Anyone who has received a distribution from a qualified retirement plan and wants to roll over the proceeds of the plan into an IRA.</li> <li>• Anyone who wants to directly transfer money from other financial institutions.</li> </ul>	<p>Anyone who has taxable compensation or who is filing jointly with a spouse who earns compensation, with the following MAGI:<sup>1</sup></p> <ul style="list-style-type: none"> <li>• Up to \$153,000 for single filers.</li> <li>• Up to \$242,000 for joint filers.</li> </ul> <p>Reduced contributions allowed for higher incomes:</p> <ul style="list-style-type: none"> <li>• Up to \$168,000 for single filers.</li> <li>• Up to \$252,000 for joint filers.</li> </ul>
<b>How much can I contribute?</b>	<ul style="list-style-type: none"> <li>• \$7,000 for 2025 and \$7,500 for 2026. For those age 50 and older, your limit is \$8,000 for 2025 and \$8,600 for 2026.</li> <li>• Cannot exceed compensation.</li> <li>• Reduces contributions that can be made to Roth IRAs.</li> <li>• Deductible contributions can be made January through the tax filing deadline of the following year.</li> <li>• Deductible contributions may be designated for either the current or prior tax year.</li> </ul>	<ul style="list-style-type: none"> <li>• \$7,000 for 2025 and \$7,500 for 2026. For those age 50 and older, your limit is \$8,000 for 2025 and \$8,600 for 2026.</li> <li>• Cannot exceed compensation.</li> <li>• Reduces contributions that can be made to Traditional IRAs.</li> <li>• Contributions can be made January through the tax filing deadline of the following year.</li> <li>• Contributions may be designated for either the current or prior tax year.</li> </ul>
<b>Who can make deductible contributions?</b>	<p>Fully deductible contributions:</p> <ul style="list-style-type: none"> <li>• Single individuals not active in employer retirement plans.</li> <li>• Single individuals active in employer retirement plans with MAGI<sup>1</sup> of less than \$91,000.</li> <li>• Married couples with neither spouse active in an employer retirement plan.</li> <li>• Married individuals active in employer retirement plans with joint tax returns showing MAGI of less than \$149,000.</li> <li>• Married individuals not active in employer retirement plans, but whose spouse is active, provided the MAGI is less than \$252,000.</li> </ul>	<p>Contributions are not deductible.</p>
<b>What are the tax advantages?<sup>2</sup></b>	<ul style="list-style-type: none"> <li>• Earnings grow tax-deferred until withdrawn.</li> <li>• Contributions may be tax deductible.</li> </ul>	<ul style="list-style-type: none"> <li>• Earnings are tax-free if account is open for five tax years and withdrawn for a qualified reason (59½, disability, death, or a first-time home purchase).<sup>3</sup></li> <li>• Not required to start withdrawals at age 73.</li> </ul>
<b>When can I withdraw without restrictions?</b>	<p>Withdraw penalty-free for any of the following reasons:</p> <ul style="list-style-type: none"> <li>• Qualified higher education expenses.</li> <li>• First-time home purchase.<sup>2</sup></li> <li>• Age 59½.</li> <li>• Disability.</li> <li>• Qualifying medical expenses exceeding 10% of adjusted gross income.</li> <li>• Payment for medical insurance while unemployed for at least 12 weeks.</li> <li>• Qualified reservist distribution.</li> </ul>	<ul style="list-style-type: none"> <li>• Regular contributions can be withdrawn tax-free and penalty-free at any time.</li> <li>• After the account has been open five tax years, earnings can be withdrawn tax-free and penalty-free for any of these reasons: age 59 ½, disability, death, or first-time home purchase.</li> </ul>

<sup>1</sup>MAGI=Modified Adjusted Gross Income from the federal tax form. <sup>2</sup>Consult your tax adviser. Tax laws change frequently. <sup>3</sup>Lifetime limit for exemption on first-time home purchase is \$10,000.

## Individual Retirement Accounts Use this chart to determine the IRA that's best for you.

	<b>Simplified Employee Pension - SEP</b>	<b>SIMPLE IRA</b>								
<b>Who can contribute?</b>	Only employers including self employed.	Both employer and employees of small businesses not currently sponsoring a retirement plan. Employer and employee may benefit for tax deductions on contributions.								
<b>Qualified employees.</b>	Employees who have worked for the employer three out of five past years, earned \$750 in the past year from employer sponsoring the SEP.	100 or fewer qualified employees who have earned at least \$5,000 for the previous year.								
<b>How much can be contributed?</b>	The employers can contribute up to 25% of compensation or up to \$72,000, whichever is less. The percentage has to be same for each eligible employee. Employers can choose whether to contribute each year.*	Employee and employer contribution limit: <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">1-25 qualified employees</td> <td style="width: 50%;">26-100 qualified employees</td> </tr> <tr> <td>• Up to age 49: \$18,100</td> <td>• \$17,000</td> </tr> <tr> <td>• 50 and older: \$21,950</td> <td>• \$21,000</td> </tr> <tr> <td>• 60-63 limit: \$23,350</td> <td>• \$22,250</td> </tr> </table> Employer: <ul style="list-style-type: none"> <li>• Match employee contributions from 1% up to 3% of compensation, or Non-elective fixed contribution of 2%.</li> <li>• Mandatory yearly contributions.</li> </ul>	1-25 qualified employees	26-100 qualified employees	• Up to age 49: \$18,100	• \$17,000	• 50 and older: \$21,950	• \$21,000	• 60-63 limit: \$23,350	• \$22,250
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<b>Who can make tax deductible contributions?</b>	Employer.	Employer and employee.								
<b>What are the tax advantages?<sup>2</sup></b>	Contributions are tax-deductible, reducing the business's taxable income.	Employees have pre-taxed contributions and tax-deferred earnings so they are not taxed until withdrawn, usually in retirement years. Employers contributions are tax-deductible as a business expense. New businesses may be able to claim tax credit credits for up to three years.								
<b>Deadline for contributions.</b>	Employer must make contributions by the business's tax filing deadline, including extensions.	Set up deadline: <ul style="list-style-type: none"> <li>• Accounts cannot have an opening date later than Oct. 1, for current year contributions</li> </ul> Contribution deadline: <ul style="list-style-type: none"> <li>• Make contributions by business's tax-filing deadline.</li> <li>• Deposit salary deferral contributions no later than 30 business days after the end of the month they were deferred.</li> </ul>								
<b>When can I withdraw without restrictions?</b>	Withdraw penalty-free for any of the following reasons: <ul style="list-style-type: none"> <li>• Qualified higher education expenses.</li> <li>• First-time home purchase.<sup>2</sup></li> <li>• Age 59½.</li> <li>• Disability.</li> <li>• Qualifying medical expenses exceeding 10% of adjusted gross income.</li> <li>• Payment for medical insurance while unemployed for at least 12 weeks.</li> <li>• Qualified reservist distribution.</li> </ul>	Two year rule: Early withdrawal penalty is 25% if funds removed within the first 2 years of deposit date. Withdraw penalty-free for any of the following reasons: <ul style="list-style-type: none"> <li>• Qualified higher education expenses.</li> <li>• First-time home purchase.</li> <li>• Age 59½.</li> <li>• Disability.</li> <li>• Qualifying medical expenses exceeding 10% of adjusted gross income.</li> <li>• Payment for medical insurance while unemployed for at least 12 weeks.</li> </ul>								

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