

## 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 three 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Contributions to your Traditional IRA may be immediately tax deductible, but funds will be taxed when withdrawn.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. Withdraw earnings after five years, or at age 59½, without penalty, for the qualified expenses listed under Traditional IRAs above.

### 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 Funds are taxed when withdrawn, but contribution limits — 25 percent of income or \$56,000, whichever is less, far exceed amounts allowed for other types of IRAs.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.

## Why an IRA?

Traditional pension funds are disappearing and Social Security payments may be too little to retire on. But if you were to contribute \$6,000 a year to your IRA, and it earned an annual percentage yield of just 2 percent, you would accumulate nearly \$305,000 in 35 years!\*\*

- Traditional, Roth, or SEPs.
- Saving or certificate rates of return.
- Federally insured up to \$250,000.
- No minimum to open.
- Add to your account any time.

## 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.

\*\*Examples may not reflect STCU rates. Consult your tax adviser.

## 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)

Federally 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 under age 70½ 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 or rollover funds from a qualified retirement plan.</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 \$122,000 for single filers.</li> <li>• Up to \$193,000 for joint filers.</li> </ul> <p>Reduced contributions allowed for higher incomes:</p> <ul style="list-style-type: none"> <li>• Up to \$137,000 for single filers.</li> <li>• Up to \$203,000 for joint filers.</li> </ul>
<b>How much can I contribute?</b>	<ul style="list-style-type: none"> <li>• \$5,500 for 2018 and \$6,000 for 2019. For those age 50 and older, your limit for 2018 is \$6,500 and \$7,000 for 2019.</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>• \$5,500 for 2018 and \$6,000 for 2019. For those age 50 and older, your limit for 2018 is \$6,500 and \$7,000 for 2019.</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 \$74,000.</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 \$123,000.</li> <li>• Married individuals not active in employer retirement plans, but whose spouse is active, provided the MAGI is less than \$203,000.</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 70½.</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 59½, disability, death, or first-time home purchase.<sup>3</sup></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.