

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Contributions to your Traditional IRA may be immediately tax deductible, but funds will be taxed when withdrawn.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 Funds are taxed when withdrawn, but contribution limits — 25 percent of income or \$58,000, whichever is less, far exceed amounts allowed for other types of IRAs.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

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

	Traditional IRA Get an immediate tax deduction on your contributions. Great for those who expect to be in a lower tax bracket when they retire.	Roth IRA Withdraw regular contributions tax-free and penalty-free any time. Use as an emergency fund.
Who can contribute?	<ul style="list-style-type: none"> • Anyone who receives compensation (wages, salaries, commissions, tips, fees, etc.) or who is filing jointly with a spouse who earns compensation. • Anyone who has received a distribution from a qualified retirement plan and wants to roll over the proceeds of the plan into an IRA. • Anyone who wants to directly transfer money from other financial institutions. 	<p>Anyone who has taxable compensation or who is filing jointly with a spouse who earns compensation, with the following MAGI:¹</p> <ul style="list-style-type: none"> • Up to \$125,000 for single filers. • Up to \$198,000 for joint filers. <p>Reduced contributions allowed for higher incomes:</p> <ul style="list-style-type: none"> • Up to \$140,000 for single filers. • Up to \$208,000 for joint filers.
How much can I contribute?	<ul style="list-style-type: none"> • \$6,000 for 2020 and \$6,000 for 2021. For those age 50 and older, your limit for 2020 is \$7,000 and \$7,000 for 2021. • Cannot exceed compensation. • Reduces contributions that can be made to Roth IRAs. • Deductible contributions can be made January through the tax filing deadline of the following year. • Deductible contributions may be designated for either the current or prior tax year. 	<ul style="list-style-type: none"> • \$6,000 for 2020 and \$6,000 for 2021. For those age 50 and older, your limit for 2020 is \$7,000 and \$7,000 for 2021. • Cannot exceed compensation. • Reduces contributions that can be made to Traditional IRAs. • Contributions can be made January through the tax filing deadline of the following year. • Contributions may be designated for either the current or prior tax year.
Who can make deductible contributions?	<p>Fully deductible contributions:</p> <ul style="list-style-type: none"> • Single individuals not active in employer retirement plans. • Single individuals active in employer retirement plans with MAGI¹ of less than \$76,000. • Married couples with neither spouse active in an employer retirement plan. • Married individuals active in employer retirement plans with joint tax returns showing MAGI of less than \$125,000. • Married individuals not active in employer retirement plans, but whose spouse is active, provided the MAGI is less than \$208,000. 	<p>Contributions are not deductible.</p>
What are the tax advantages?²	<ul style="list-style-type: none"> • Earnings grow tax-deferred until withdrawn. • Contributions may be tax deductible. 	<ul style="list-style-type: none"> • 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).³ • Not required to start withdrawals at age 72.
When can I withdraw without restrictions?	<p>Withdraw penalty-free for any of the following reasons:</p> <ul style="list-style-type: none"> • Qualified higher education expenses. • First-time home purchase.² • Age 59½. • Disability. • Qualifying medical expenses exceeding 10% of adjusted gross income. • Payment for medical insurance while unemployed for at least 12 weeks. • Qualified reservist distribution. 	<ul style="list-style-type: none"> • Regular contributions can be withdrawn tax-free and penalty-free at any time. • 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.³

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