# Comparing your IRA choices, 2022

<table>
<tr><th>Subject</th><th>Traditional IRA</th><th>Roth IRA</th></tr>
<tr><td>Tax benefits</td><td><ul><li>Tax-deferred earnings</li><li>Contributions may be tax-deductible subject to Modified Adjusted Gross Income (MAGI) limits below</li></ul></td><td><ul><li>Tax-advantaged earnings</li><li>Tax-free qualified distributions[1]</li></ul></td></tr>
<tr><td>Eligibility</td><td><ul><li>There is no maximum age restriction for making a Traditional IRA contribution as long as you have earned income</li><li>Your non-working spouse is eligible, if you file a joint tax return no matter their age</li></ul>Did you know . . .<br>You can make a non-deductible contribution to a Traditional IRA even if your income exceeds deduction limits?</td><td><ul><li>You can contribute at any age as long as you have earned income and are within or under MAGI limits</li><li>Your non-working spouse at any age can contribute, if you file a joint tax return and are within or under MAGI limits</li><li>Contributions are phased out based upon MAGI:</li></ul>
<table>
<tr><th>Single</th><th>Married/joint</th><th>Married/ separate[2]</th><th>Contribution</th></tr>
<tr><td>Up to $129,000</td><td>Up to $204,000</td><td>N/A</td><td>Full</td></tr>
<tr><td>$129,000–$144,000</td><td>$204,000–$214,000</td><td>Up to $10,000</td><td>Partial</td></tr>
<tr><td>Over $144,000</td><td>Over $214,000</td><td>Over $10,000</td><td>None</td></tr>
</table></td></tr>
<tr><td>Deduction of contributions</td><td><ul><li>Full deduction if you and your spouse, if married, are not covered[3] by a workplace retirement plan (WRP), such as a 401(k), 403(b), SEP, or SIMPLE IRA, regardless of income</li><li>If you and your spouse are covered[3] by a WRP, deductions are phased out based upon MAGI:</li></ul>
<table>
<tr><th>Single</th><th>Married/joint</th><th>Married/ separate[2]</th><th>Deduction</th></tr>
<tr><td>Up to $68,000</td><td>Up to $109,000</td><td>N/A</td><td>Full</td></tr>
<tr><td>$68,000–$78,000</td><td>$109,000–$129,000</td><td>Up to $10,000</td><td>Partial</td></tr>
<tr><td>$78,000 and over</td><td>$129,000 and over</td><td>Over $10,000</td><td>None</td></tr>
</table>
<ul><li>If your spouse is covered[3] by a WRP but you are not, deductions are phased out based upon MAGI:</li></ul>
<table>
<tr><th>Married/joint</th><th>Married/separate[2]</th><th>Deduction</th></tr>
<tr><td>Up to $204,000</td><td>N/A</td><td>Full</td></tr>
<tr><td>$204,000–$214,000</td><td>Up to $10,000</td><td>Partial</td></tr>
<tr><td>$214,000 and over</td><td>Over $10,000</td><td>None</td></tr>
</table></td><td><ul><li>Contributions are not deductible</li></ul>Open and/or contribute to an IRA by April 18, 2023, for 2022 to increase your retirement savings and potential tax benefits</td></tr>
</table>

| | | |
|---|---|---|
| **Contribution limits** | Lesser of 100% of earned income or $6,000 (per individual if under age 50) or $7,000 (per individual if age 50 or older within a particular tax year). Traditional and Roth IRA contributions are aggregated. April 18, 2023, is the deadline for the 2022 tax year. Contributions must be made in cash, check, or money order. Contributions cannot be made in-kind, i.e., securities, property. | |
| **Mandatory distributions** | • Required Minimum Distributions (RMDs) for Traditional, SEP, and SIMPLE IRAs begin by your Required Beginning Date (RBD), which is generally April 1 following the year you turn age 72. | • None during your lifetime. |
| **Taxes on distributions** | • Before-tax contributions and any earnings are subject to ordinary income tax.<br>• If you have before- and after-tax amounts in any of your Traditional, SEP, or SIMPLE IRAs, all distributions or conversions are taken on pro rata basis.<br>• You may be subject to an IRS 10% additional tax for early, pre-59½, distributions unless an exception applies. | • Contributions are always withdrawn tax-free.<br>• Qualified distributions are tax-free. Distributions are qualified after five years and age 59½ or as a result of your disability, or taken by your beneficiaries due to your death.<br>• A non-qualified distribution may be subject to ordinary income tax and an IRS 10% additional tax unless an exception applies. |
| **Exception to penalty** | • Exceptions to the IRS 10% additional tax are for distributions after reaching age 59½, death, disability, eligible medical expenses, certain unemployed individuals' health insurance premiums, qualified first-time homebuyer ($10,000 lifetime maximum), qualified higher education expenses, Substantially Equal Periodic Payments (SEPP), Roth conversions, qualified reservist distribution, birth or adoption expenses (up to $5,000), or IRS levy. | |

1 Qualified distributions are tax-free. Distributions are qualified after five years **and** you are at least age 59½, or as a result of your death, disability, or using the first time homebuyer exception or taken by your beneficiaries due to your death.

2 Your filing status is considered single for IRA contribution purposes if you did not live with your spouse during the tax year.

3 The "Retirement Plan" box in Box 13 of your W-2 tax form should be checked if you were covered by a WRP.

## Retirement asset consolidation

Most investors have accumulated a number of retirement accounts over the years. To simplify your finances, consider consolidating your financial assets with one provider.

Combining retirement assets into an IRA at our firm can offer you the following:

- Ease in managing your investment strategy
- RMD simplification
- Effective beneficiary planning
- One monthly statement
- Potentially fewer fees

## Beneficiary planning

Clear establishment of your IRA beneficiaries today will help ensure your assets are distributed as you wish, could significantly increase income for those beneficiaries tomorrow, and may possibly allow your IRA to build wealth for generations to come. It's important to review and update your beneficiaries every few years or after significant life events, such as a birth of a child or grandchild, a marriage or divorce, or the death of a beneficiary.

**Beneficiaries named in retirement accounts take precedence over instructions in a will or trust.**

## RMDs

Traditional, SEP, and SIMPLE IRA owners begin taking RMDs by your Required Beginning Date (RBD), which is generally April 1 following the year you turn age 72, and annually thereafter.

Eligible designated beneficiaries and beneficiaries who inherited a Traditional and/or Roth IRA on or before December 31, 2019 begin taking RMDs by December 31 of the year following the death of the IRA owner.

## We help you choose

At our firm, we understand the significance of your retirement planning decisions. We offer the services you need to better understand which IRA is appropriate for your personal financial situation. Contact your financial professional today for a complimentary consultation.