

Accounts: Individual Retirement Accounts (IRAs)

An IRA is your first line of defense in building assets for a comfortable retirement. Fortunately IRAs are getting better and better. Not only can you save for retirement, you may be able to lower your tax bill.

Benefits:

- No set-up fee or annual fee
- No monthly maintenance fee
- Tax-deferred earnings
- Possible tax deduction
- FDIC-insured up to \$250,000
- Your tax refund can be directly deposited to an IRA
- You can roll your 401(k) to either a Traditional or Roth IRA
- Special benefits for active-duty military
- You can make tax-free distributions to charities
- You have until April 15 to make a contribution that may reduce the previous year's tax bill
- Funds can be automatically transferred from your checking account to your IRA each month

Rate Information:

- Rates vary and are subject to change

	Traditional IRA	Roth IRA									
QUALIFICATIONS	Must have earned income and not have reached age 70 1/2 by the end of the year.	Must have earned income. There are no age restrictions.									
MAXIMUM CONTRIBUTIONS	2006.....\$4,000 2007.....\$4,000 2008.....\$5,000 <i>The base maximum contribution limit of \$5,000 will be indexed for inflation in \$500 increments for tax years 2009 and after.</i>	2006.....\$4,000 2007.....\$4,000 2008.....\$5,000									
AGE 50+ MAXIMUM CONTRIBUTION	2006.....\$5,000 2007.....\$5,000 2008.....\$6,000	2006.....\$5,000 2007.....\$5,000 2008.....\$6,000									
TAX STATUS OF EARNINGS	Tax-deferred until withdrawal.	Not taxed. Earnings grow tax-free.									
CONTRIBUTION RESTRICTIONS (Based on Adjusted Gross Income)	Yes, if active in employer retirement plan. Contribution Phase-Outs <table border="0"> <tr> <td></td> <td>Single</td> <td>Married Joint</td> </tr> <tr> <td>2006</td> <td>\$50,000-\$60,000</td> <td>\$75,000-\$85,000</td> </tr> <tr> <td>2007 and after</td> <td>\$50,000-\$60,000</td> <td>\$80,000-\$100,000</td> </tr> </table>		Single	Married Joint	2006	\$50,000-\$60,000	\$75,000-\$85,000	2007 and after	\$50,000-\$60,000	\$80,000-\$100,000	Yes, contributions are phased-out between: \$95,000-\$110,000 Single \$150,000-\$160,000 Married filing joint \$0-\$10,000 Married filing separate
	Single	Married Joint									
2006	\$50,000-\$60,000	\$75,000-\$85,000									
2007 and after	\$50,000-\$60,000	\$80,000-\$100,000									
TAX DEDUCTION	Yes. Contributions up to the limit are fully tax deductible if you are not an active participant in a retirement plan. Otherwise phase-out rules apply.	No.									
PENALTIES FOR EARLY WITHDRAWAL	None if: <ul style="list-style-type: none"> • Over 59 1/2 • Death or disability • Qualified medical expenses • Certain health insurance • Qualified college expenses • First time home purchase (up to \$10,000) • Due to IRS levy • Periodic payments 	None if made after a five year period and: <ul style="list-style-type: none"> • Over 59 1/2 • Death or disability • Qualified medical expenses • Certain health insurance • Qualified college expenses • First time home purchase (up to \$10,000) • Due to IRS levy • Periodic payments 									
REQUIRED DISTRIBUTIONS	Must begin by April following year participant turns 70 1/2.	Only after death of the participant.									
CONTRIBUTIONS AFTER AGE 70	Not allowed.	Allowed.									

Due to the nature of IRAs, we recommend you consult a tax professional for details concerning contributions, distributions, tax advantages, and tax laws.