



Understanding IRAs



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Today's Agenda

01 What is an IRA?

02 IRA Benefits

03 Comparing IRAs

04 Contribution Limits

05 Distributions

06 Retirement Plan Portability

07 Share Insurance

08 Planning Resources



Individual Retirement Account

What is an IRA?

An **IRA** (individual retirement account) is a **personal, tax-deferred account** the **IRS** created to give investors an easy way to **save for retirement**.

What it does

IRAs provide an excellent opportunity for your **retirement money to grow** and **compound faster** than it would in a taxable account.



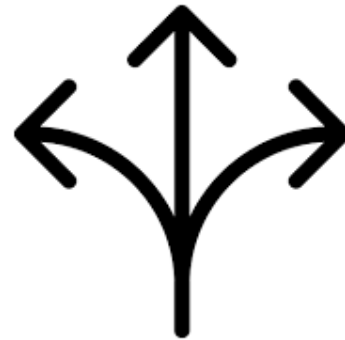
IRA Benefits



Advantages



Growth



Flexibility



Security



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USSFCU IRA Options:

- Traditional & Roth IRAs
- Competitive dividend rates
- No set-up fees or monthly/annual maintenance fees
- A low \$5 minimum balance
- The ability to purchase Share Certificate(s) with IRA funds
 - ***Current 24-month certificate rates as high as 5.28% APY****

ussfcu.org/iras | ussfcu.org/rates



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Traditional IRAs

- Tax **Deductible** Contributions
- Tax-Deferred **Growth**
- Required Minimum Distributions (**RMDs**)
- **Penalties** for Early Withdrawals



Roth IRAs

- **Tax-Free** Qualified Withdrawals
- **No RMDs** (Required Minimum Distributions)
- Contributions and Income **Limits**
- **Penalty-Free Early Withdrawals** of Contributions
 - *Five-year rule*



Traditional	Roth
<ul style="list-style-type: none"> • Contributions may be tax-deductible, reducing your current taxable income 	<ul style="list-style-type: none"> • Contributions are made after tax, with no effect on your current taxable income
<ul style="list-style-type: none"> • Distributions in retirement are taxed as ordinary income 	<ul style="list-style-type: none"> • Qualified distributions in retirement are not taxed
<ul style="list-style-type: none"> • Dividends earned are tax-deferred 	<ul style="list-style-type: none"> • Dividends earned may be tax-exempt
<ul style="list-style-type: none"> • RMDs required at age 73 	<ul style="list-style-type: none"> • No RMDs required



Contribution Limits

The most you can contribute to your combined Traditional and Roth IRAs is *the lesser of*:

- **Contributions limits for 2023:**
 - \$6,500 - *or* -
 - \$7,500 if you're age 50 or older by the end of the year;
- your **taxable compensation** for the year.



Distributions

- Age Limits
- Tax Implications
- Required Minimum Distributions (RMDs)

$$\text{Prior Year Balance} / \text{Life Expectancy Factor} = \text{RMD}$$

[irs.gov: Uniform Lifetime Table](https://www.irs.gov/UniformLifetimeTable)



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Moving Between IRAs and Other Retirement Plans

- **IRA-to-IRA**
 - **Trustee-to-trustee Transfers**
 - **Rollovers**
- **Movement Between IRAs and Qualified Plans**
 - **Direct Rollovers**
 - **Indirect Rollovers**



Retirement Central



EDUCATION

Guidance to help you navigate through every step of retirement planning.



PLANNING TOOLS

Calculators & tools will help you take the guesswork out of saving for retirement.



ONLINE ACCOUNT MANAGEMENT

Open and manage your IRA accounts online.

Start Planning Today! ussfcu.org/IRA



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Certificate Safety

Your savings are
**federally insured to
at least \$250,000** and
backed by the full faith
and credit of the United
States Government.

YOU CAN CONFIDENTLY SAVE AT A
FEDERALLY INSURED CREDIT UNION
BECAUSE **NO MEMBER HAS EVER
LOST A SINGLE CENT** FROM
ACCOUNTS INSURED BY THE NCUA.



Share Insurance
ESTIMATOR

Check your coverage at
mycreditunion.gov

Resources

- [Retirement Central](#)
- [USSFCU Advisory Services](#)
- [irs.gov](#)
- [ssa.gov](#)
- [Employee Benefits Security Administration \(EBSA\)](#)
- [The Department of Labor](#)
- [Investor](#)



Important Disclosures:

*APY = Annual Percentage Yield. A 24-month term certificate with a balance of \$200,000+ will earn 5.28% APY. A 24-month certificate with a balance of \$1,000 will earn 5.18% APY. The APY assumes dividends will remain on deposit until maturity. The dividend period on your account begins from the date that your account is opened and ends on the maturity date unless renewed. The minimum balance required to open a certificate is \$1,000. You will earn dividends for every day during the period that your account equals or exceeds the minimum daily balance requirement. Early withdrawal penalties may apply. Changes without penalty are allowed ten days from the maturity date. Fees may reduce earnings. See Fee Schedule at ussfcu.org/fees or call 800.374.2758 for more details. Yield and Dividend rates as of June 01, 2023 and subject to change without notice.

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