



Mike Whaley, CFP®
Certified Financial Planner



Toni Whaley
Financial Advisor

Phone: (443) 283-3482
www.WhaleyFinancialServices.com

Whaley Financial Services and PlanMember Securities Corporation are independently owned and operated companies.



PlanMember
S E R V I C E S
Planning your future...today.®

This communication is for informational purposes only and is not intended to be tax, legal, or accounting advice. Issues could exist that can affect the tax treatment of a transaction. Therefore, taxpayers should seek advice from an independent tax, legal or accounting advisor before acting on any information presented. This information cannot be used to avoid tax penalties.

Before investing carefully read the prospectus(es) which contain information about investment objectives, risks, charges, expenses and other information, all of which should be carefully considered before investing. For current prospectus(es) call (800) 874-6910. Investing involves risk. The investment return and principal value will fluctuate and, when redeemed, the investment may be worth more or less than the original purchase price. Asset Allocation or the use of an investment advisor does not ensure a profit nor guarantee against loss.

Representative registered with and securities and advisory services only offered through PlanMember Securities Corporation

A registered broker/dealer, investment advisor and member FINRA/SIPC. PlanMember is not liable for ancillary products or services offered by this representative.

To Roth or Not to Roth Traditional IRA vs. Roth IRA

A **Roth IRA** offers many unique and powerful savings advantages. Among these advantages are tax-free withdrawals, no required minimum distributions for the original account holder and the flexibility to continue making contributions regardless of your age. Qualifying individuals can also contribute to a Roth IRA even if they also contribute to a Traditional IRA and/or an employer-sponsored retirement plan¹.

Which IRA is Best for You?

The first thing to consider when deciding between a Roth and Traditional IRA is your income, or more specifically, your Modified Gross Adjusted Income (MAGI). Your MAGI, or the combined MAGI of you and your spouse, determines both your eligibility to contribute to a Roth IRA and your eligibility to make tax-deductible contributions to a Traditional IRA.

Although your income may disqualify you from contributing to a Roth IRA, you are always free to contribute to a Traditional IRA regardless of your income level. If you do qualify to make fully or partially tax deductible contributions to a Traditional IRA, then a Traditional IRA might make more sense². If you do not qualify, then picking a Roth IRA generally makes more sense as long as you meet the income requirements for eligibility³.

Other things to consider when choosing between a Roth and Traditional IRA include:

- If you expect to be in a higher tax bracket in retirement, a Roth IRA is generally more appropriate.
- With a Roth IRA you can withdrawal your contributions (but not investment earnings) at any time for any reason. With a Traditional IRA, you generally must wait until age 59½.
- Roth IRAs allow contributions after age 70½ while Traditional IRAs do not.

Converting to a Roth IRA

You can convert a traditional IRA to a Roth IRA. However, you will have to pay income taxes on the amount you convert. You'll also need to think about all of the same considerations when deciding between a Traditional and Roth IRA. To find which IRA is right for you, or if you could benefit from a Roth IRA conversion, please contact me at the number or email above.

1. Combined contributions to Roth and Traditional IRAs cannot exceed the annual IRA limit.
2. Unless you (and your spouse if you file a joint tax return) are not active participants in an employer-sponsored plan (such as a 401(k) plan), your contributions to a Traditional IRA are 100% tax deductible. Otherwise, deductibility is phased out above certain MAGI limits.
3. Single tax filers with a MAGI of up to \$104,999 and joint filers with a MAGI of up to \$165,999 are eligible to make the maximum annual Roth IRA contribution. Above these limits, eligibility is gradually phased out.

Which IRA is Best for You?

Traditional and Roth IRAs offer different features and benefits. Below are a few things to consider when deciding which kind of IRA is best for you.

	TRADITIONAL	ROTH
Contributions	Tax deductible if IRS qualifications are met.	Not tax deductible.
Withdrawals	Withdrawals taxed as ordinary income. Subject to additional 10% penalty if taken before age 59½.	Contributions can be withdrawn at any time without taxes or penalties. No taxes or penalties on withdrawals of earnings if taken after age 59½ and account is at least five years old.
Required Minimum Distributions (RMDs)	RMDs must begin at age 70½.	No RMDs required.