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Traditional & Roth IRAs

An individual retirement arrangement (IRA) can help you save for retirement with either tax-deferred or tax-free growth of any earnings.

There are two main types of IRAs – Traditional or Roth. You can choose one or both depending on your tax situation and income. If you have just changed jobs or recently retired, you can roll your money into a Traditional IRA or Roth IRA. Gesa can help you take control of your retirement assets and preserve your tax advantages.

A Gesa representative can show you options available for your financial future.

Comparison	Traditional IRA	Roth IRA
Earnings	Earnings are tax-deferred until withdrawn (IRS early withdrawal penalties may apply if you are under age 59½).	Earnings are tax-deferred and tax-free upon withdrawal if certain requirements are met.
Contributions	You may no longer make contributions for the year in which you reach age 70½; or in later years.	You may contribute as long as you have earned income for the tax year in which you designate your contribution and your MAGI* does not exceed certain limits. *modified adjusted gross income
Deductibility	Contributions may be tax-deductible based on income levels & tax filing status.	Contributions are not tax-deductible.
Income requirements: For Contributions	No income limit to make contributions; however, you must have earned income to contribute.	Your modified adjusted gross income must be below certain limits depending on your tax filing status.
Distributions	Distributions are required beginning at age 70 1/2.	You are not required to take mandatory distributions at any age during your lifetime. Beneficiaries are subject to minimum distributions rules, but may not have to take a distribution in a specific year.

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Should you convert to a Roth IRA?

Anyone can convert their Traditional IRA, or rollover eligibile employer retirement plans, to a Roth IRA.

The decision to convert your Traditional IRA or rollover your eligible employer retirement plan to a Roth IRA is a complex one. Below are some key factors that can help you determine whether you would be a good candidate. For additional help, please contact your financial advisor or find a financial advisor near you.

Conversion to a Roth IRA may be appropriate if:	Leaving assets in a traditional IRA or employer plan may be appropriate ifL
• You have enough money outside of your IRA or employer to plan to pay the taxes. • You expect to be in the same or higher tax bracket when you retire. • You have a significant time frame before you need the assets. • One or more of the above bullets is true, and you are willing to give up some of the features of your employer plan in order to gain IRA features, such as nearly unlimited investment options, and possibly more flexible beneficiary options. • You wish to eliminate having to take Required Minimum Distributions from these funds during your lifetime.	• You will need to tap your retirement account to pay the taxes on a conversion. • You expect to be in a lower tax bracket when you retire. • You don't have a significant time frame before you need the assets. • A portion of your employer plan is invested in employer stock. • You wish to retain some of the features of your employer plan, such as creditor protection and other possible features, including no charges for trades in the account and loan availability.