TriOak FINANCIAL

Funding Your Retirement: Some IRA Choices to Consider

It's extremely important that we all take our retirement into our own hands. The concept of not preparing and relying on a government-sponsored retirement is not the best plan. Financial woes combined with the fact that the U.S. population is continuing to age, means that there are fewer working-aged people remaining to contribute to our social security systems. On a positive note, strong retirement savings can not only help you, but it could potentially help your family and loved ones. With today's retirement challenges, more people are using retirement vehicles as a healthy way to help family members. As advisors, we get great satisfaction helping parents and grandparents contribute to their loved one lives by properly gifting funds to a retirement account (if the loved one has earned income and qualifies). Some experts agree that consistently funding your retirement plans is a healthy activity. Funding retirement accounts at younger ages many times leads to a better funded and more comfortable financial situation at your retirement.

You can still make 2018 IRA contributions until April 15, 2019. In 2019, the limit for contributing to an IRA increased from $5,500 to $6,000, the first increase since 2013. Now is a good time to consider making your 2019 retirement contributions. The chart in this article shows some IRS changes for 2019.

For complete rules on IRA's (including who qualifies), please visit www.irs.gov Publication 590a or consult with a qualified professional. Here is some timely information that may be helpful, however, to discuss your overall retirement strategy call us and schedule an appointment.

Traditional IRAs

A traditional **IRA** (**I**ndividual **R**etirement **A**ccount) is a way in which individuals can save for retirement and receive tax advantages. Traditional IRAs come in two varieties: deductible and nondeductible. The contributions you make to a traditional IRA may be fully or partially deductible, depending on your circumstances (i.e. taxpayer's income, tax-filing status and other factors) and generally, amounts in your traditional IRA (including earnings and gains) are not taxed until they are distributed.

A clear advantage of traditional IRA accounts is that you can benefit from deferring taxes on all dividends, interest and capital gains earned inside the IRA account and they can potentially compound each year without being reduced by taxes. This may allow an IRA to have faster growth potential than a taxable account.

Roth IRA

A Roth IRA is an IRA that is subject to many of the same rules that apply to a Traditional IRA with some major exceptions. Unlike traditional IRAs which for some taxpayers can be tax deducted, you cannot deduct contributions to a Roth IRA. Some Roth IRA advantages include:

- If you satisfy the requirements, qualified distributions are tax-free.
- You can make contributions to your Roth IRA after you reach age 70 ½.
- You can leave funds in your Roth IRA for your entire lifetime, and
- Beneficiaries inherit your Roth IRAs tax-free, if account requirements have been satisfied.

Many investors know and understand that the largest benefit of the Roth IRA is its tax-free withdrawal of contributions, interest and earnings in retirement, but Roth IRAs can also help you leave a legacy to your heirs with proper estate planning.

Are you interested in funding an IRA for you or a family member?
If so, please call us and we would be happy to assist you.