IRA Planning

INDIANA FARM
BUREAU INSURANCE®

Planning for your retirement is necessary, especially when the future of Social Security is so uncertain. How much savings will you need to fund your "Golden Years?" At what age do you plan on retiring? Do you have anything on your bucket list? At Indiana Farm Bureau Insurance, we are here to help you enjoy the fruits of your labor. One way to do that is a Traditional or Roth Individual Retirement Annuity (IRA).

IRA Planning

Traditional IRA

A Traditional IRA from Indiana Farm Bureau Insurance allows earnings and deductible contributions to grow tax-deferred. That means you don't pay income taxes on the earnings and deductible contributions of your IRA until you begin taking withdrawals, usually after you retire and are possibly in a lower tax bracket.

The maximum annual contribution is $6,000. In addition, the maximum annual contribution amount is increased by $1,000 for individuals who have reached the age of 50 before the close of the taxable year.* You decide how much want to contribute, and your funds are accessible at any time.**

Roth IRA

A Roth IRA from Indiana Farm Bureau Insurance allows you to withdraw accumulated earnings without having to pay federal income taxes if you meet certain requirements. You will have to pay taxes on income that you put into your Roth IRA, but from then on it grows tax-deferred. When you withdraw the money at retirement, it is income tax-free.

What's the best IRA for you?

Feature	Roth IRA	Traditional IRA (deductible)
Are contributions tax deductible?	No	Yes
Do earnings grow tax-deferred?	Yes	Yes
Are contributions taxed on withdrawal?	No	Yes
Are earnings taxed on withdrawal?	No***	Yes
Are contributions after age 72 accepted?	Yes	Yes
Are distributions required after 72?	No	Yes
What is the maximum annual contribution?	$6,000	$6,000
Is there a 10% IRS penalty if withdrawn prior to age 59½?	On earnings only, unless withdrawal is a permissible exception.	Yes, unless withdrawal is a permissable exception.

*Current tax year
**IRS early withdrawal penalty of 10% will be assessed unless certain circumstances apply. An Indiana Farm Bureau Insurance early withdrawal penalty may also apply.
***Earnings may be withdrawn tax-free after five years if you are 59½ years old, purchasing a first-time home ($10,000 maximum) or in the event of disability or death.

Spousal IRA

Are you a stay-at-home parent? Are you a working spouse who is not covered by an employer-sponsored retirement plan? Or, are you just takings some time off from work? These are not reasons to stop saving for retirement. As long as your working spouse has adequate earned income, you may be able to make a contribution to a spousal IRA from Indiana Farm Bureau Insurance.

Frequently Asked Questions

What makes the Roth IRA unique?

Unlike a Traditional IRA (Individual Retirement Annuity), the money you contribute to a Roth IRA has already been taxed. So the principal amount is never subject to future taxes or IRS penalties, as long as you stay within withdrawal guidelines.

In addition, the Roth IRA allows the money you contribute to your account to grow on a tax-deferred basis. If you do not withdraw any earnings for at least five years, those tax-deferred earnings become tax-free once certain conditions are met.

May I contribute to a Roth IRA and a Traditional IRA in the same year?

Yes, as long as the total contributions to all of your IRAs do not exceed $6,000 for an individual or $12,000 for a married couple filing a joint tax return. The maximum annual contribution amount is increased by $1,000 for individuals who have reached the age of 50 before the close of the taxable year.*

Am I eligible for a Roth IRA?

Eligibility is based on earned income limits and some individuals and married couples may be ineligible if they earn more than the maximum allowable by the IRS for making a contribution. Limits change with each tax year. Check with your tax professional for eligibility.

When can tax-free withdrawals be made from a Roth IRA?

Accounts must have been open for a minimum of five years and the owner must be over the age of 59½. There are other opportunities for withdrawals such as disability and a first-time home purchase. Check with your tax professional for eligibility in each individual situation.

*Current tax year
Important note: This brochure is not intended to constitute tax advice. Please consult your tax professional about your own situation.

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