have been in your account for at least five years and you're older than age 59½, you buy a first-time home, or if you become disabled or die.
- You're not required to receive distributions during your lifetime. You can let your money continue to grow tax-free for as long as you like. Your beneficiaries can then spread distributions out over their lifetimes.

IRA contribution limits

If eligible, you have a combined contribution limit of $5,000 to both types of IRAs for 2009. Thereafter, the 2009 limit will be adjusted for inflation.

Those age 50 and older have a catch-up deal—you can contribute an extra $1,000 a year.

The table (inside) shows how these increases can affect your retirement savings.

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IRAs Power Your Savings

An individual retirement account (IRA) provides income tax advantages—now or later. With the magic of compound interest, your savings can grow through the years.

With an IRA, you can invest your money in a variety of savings and investments such as CDs (share certificates), mutual funds, and individual stocks and bonds.

You can have more than one IRA, even two accounts of the same type. But the more you have, the more you have to manage, so experts recommend keeping the number of accounts to a minimum. Rollovers also are possible from one IRA into another.

Here's an IRA summary. For more information, talk with an IRA specialist at your credit union.

Traditional IRA

- Offers tax-deferred earnings and possibly tax-deductible contributions if you meet the requirements. If you and/or your spouse actively participate in an employer-sponsored retirement plan, you can deduct contributions only if your income is below certain limits. If neither you nor your spouse participate in a retirement plan, your traditional IRA contribution is deductible regardless of income. Ask your credit union IRA representative for details.
- You can contribute if you earn compensation during the year and you will not reach age 70½ by the end of the year. If you file a joint tax return, you may be able to make contributions based on your spouse's compensation.
- You can contribute to an employer-sponsored retirement plan, a traditional IRA, and a Roth IRA in the same year. But the total of your contributions to all these plans cannot exceed your IRA contribution limit for the year.
- When you withdraw from a traditional IRA, your withdrawal generally will be treated as taxable income.
- If you make a withdrawal before age 59½ you generally must pay a 10% tax on early distributions. There are exceptions, so ask your credit union IRA representative for more details.
- You must begin taking required minimum distributions at age 70½.

Financial effect of IRA contribution change

50-year old worker, 20-year investment horizon

	Without catch-up	**Including catch-up**
Total contributions	$129,584	$155,701
Account value at age 70	241,932	291,708
Total investment returns	$112,348	$136,007
Investment return increase due to "catch-up" provisions		$23,659
Assumed investment return age 50 to 64		7%
Assumed investment return age 65 to 69		5%

Source: CUNA's economics & statistics department

Roth IRA

- Contributions are not tax-deductible, however, you eventually can withdraw contributions and earnings from a Roth IRA tax-free.
- To contribute to a Roth IRA, your modified adjusted gross income must meet income limits that change year to year. See *irs.gov* for specific amounts.
- You can withdraw funds tax-free before retirement under certain conditions: if your funds