


Individual Retirement Accounts



Opportunities to work with
Your Credit Union
Saving for your retirement!

Retirement Savings Are Now Insured Up to $250,000

For many of us, a comfortable retirement will require that we set goals and start saving today (see chart). Fortunately, your credit union has a number of retirement savings options that can help you reach your goals and more.

Insurance Update

Federal share insurance at your credit union for IRAs, Keoghs and certain other retirement accounts has *increased*. The strength and safety of federal share insurance will now reach past $100,000 (the previous limit), ***covering your savings up to $250,000*** (the new limit). With Federal share insurance coverage, the "full faith and credit of the US government" stands behind your money. That's security!

With increased coverage and a number of retirement savings options, your credit union is sure to have a product that is right for you:

Traditional IRAs

You can contribute up to $4,000 to an IRA (or combination of various IRAs) through tax year 2007, and $5,000 per year after that. After 2008, the contribution limit will be adjusted annually for inflation in $500 increments. These contributions are tax deductible in many cases, and the investments grow on a tax deferred basis.

Traditional and Roth IRAs Compared

	TRADITIONAL IRA	ROTH IRA
QUALIFICATIONS	Must have earned income at least equal to the contribution and not have reached age 70 1/2 by the end of the year.	Must have earned income at least equal to the contribution. There are no age restrictions.
MAXIMUM CONTRIBUTIONS	Taxable years beginning In 2005 through 2007 ......$4,000 In 2008 and after $5,000*	Taxable years beginning In 2005 through 2007........$4,000 In 2008 and after...............$5,000*
CATCH-UP (50+OVER)	2006 and after $1,000	2006 and after $1,000
TAX STATUS OF EARNINGS	Tax-deferred until withdrawal	Not taxed. Earnings grow tax-free.
CONTRIBUTION RESTRICTIONS (BASED ON ADJUSTED GROSS INCOME)	Yes, if active participant in employer retirement plan. CONTRIBUTION PHASEOUTS SINGLES / MARRIED JOINT 2007 $52,000-$62,000 $83,000-$103,000 2008 $53,000-$63,000 $85,000-$105,000	Yes, contributions phaseout between $99,000-$114,000 for singles, and $156,000-$166,000 for married couples filing jointly for the 2007 tax year. For the 2008 tax year $101,000-$116,000 for singles, and $159,000-$169,000 for married couples filing jointly.
TAX DEDUCTION	Yes. Contributions up to the limit are fully tax deductible if you are not an active participant in a retirement plan. Otherwise phaseout rules apply.	No.
PENALTIES FOR EARLY WITHDRAWAL	None if: • Over 59 1/2 • Death or disability • Qualified medical expenses • Certain health insurance • Qualified college expenses • 1st time home purchase (up to $10,000) • Due to IRS levy • Periodic payments	None if made after a five year period and: • Over 59 1/2 • Death or disability • Qualified medical expenses • Certain health insurance • Qualified college expenses • 1st time home purchase (up to $10,000) • Due to IRS levy • Periodic payments
REQUIRED DISTRIBUTIONS	Must begin by April following year participant turns 70 1/2.	Only after death of the participant.
CONTRIBUTIONS AFTER AGE 70 1/2	Not allowed.	Allowed.

**May be adjusted annually for inflation.*

Roth IRA

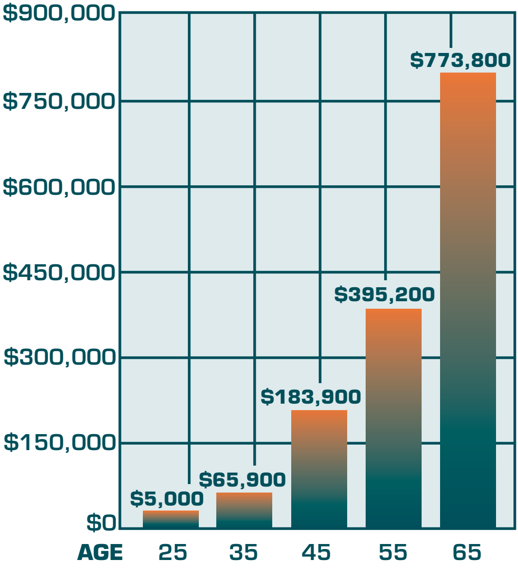
Contributions to a Roth IRA are not tax deductible, so you must pay taxes on them now. However, you can withdraw contributions and earnings tax-free. You can convert a Traditional IRA to a Roth IRA, but you must pay taxes on the amount you convert.

Catch-Up Savings

Congress has recognized that many folks didn't get an early enough start on their retirement savings. To help them, the law now permits

HOW YOUR IRA CAN GROW

The performance of a $5,000 a year retirement investment plan over time at 6% shows the value of starting early and contributing regularly.



those 50 years or older to make "catch-up contributions" to their IRA plans of an additional $1,000.

Contribution Timelines

You can contribute to your IRA up to the April 15 filing deadline, but not beyond. If you decide to file an extension, you cannot delay your IRA contribution past the April 15 filing deadline.

Always be sure to confer with your tax advisor on any of these savings options.

Check with your credit union soon to learn about the products they have to help you save for your own comfortable retirement!