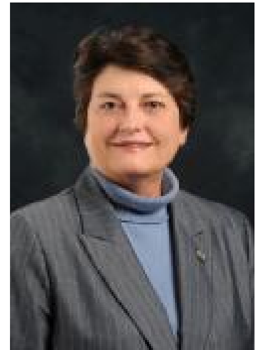
SL Ferguson Wealth Management Services
Csenge Advisory Group
Sherida Ferguson, CFP®, CEBS®, AWMA®,CRPC®
FSC Securities Registered Representation
4755 East Bay Blvd.
Clearwater, FL 33764
813-892-9782
813-286-7773
Sferguson@fscadvisor.com
www.sheridaferguson.com



ISCEBS Symposium 2015

July 08, 2015

Table of Contents

Setting Financial and Investment Goals 3

Financial Planning Education/Services 5

Health Savings Accounts 6

Roth IRAs 10

IRA and Retirement Plan Limits for 2015 - October 28, 2014 20

Setting Financial and Investment Goals

Setting financial and investment goals

Setting goals is a very important part of life in general and in financial planning in particular. Before you actually invest your money, you should spend some time considering and setting your personal financial goals. For example, do you want to retire early? Would you like to start your own business soon? Do you need to pay for your children's college education? Would you like to buy or build a new house?

Taking time to consider what you want to achieve as a result of your investment process will guide you in determining specific investment goals. For example, your investment goals for money that you're saving for retirement may be different from your goals for money that you're saving for a home down payment. In addition to having investment goals for individual financial needs and desires, you also may have overall investment goals for your entire portfolio. For example, you might try to set up your portfolio so that it averages a certain percentage return over time, or so that it produces a given level of income.

In determining your investment goals, there are several questions that can help you and your financial advisor develop an appropriate financial plan. First, what is your time horizon? Second, what is your investment risk tolerance? Third, what are your liquidity needs? Once you've answered those questions, you can begin to weigh the three primary investment goals--growth, income, and stability or protection of principal--to determine how to select specific investments that are appropriate for your financial plan.

Time horizon, risk tolerance, and liquidity needs

There are three key areas you'll need to consider in setting investment goals. You'll need to think about each one not only in terms of an individual goal, but in terms of your overall finances.

Time horizon

Probably the first question you should ask in setting your investment goals is, "What is my time horizon?" In other words, when will you need the money? Are you investing for your young child's college education, or for your retirement 30 years in the future? Or do you hope to achieve your goal in a shorter time frame? For example, do you want to buy a house in three years, or start your own business in five years? Your time horizon for a particular financial goal will have a significant impact on the type of investments you choose to try to achieve it.

The general rule is: The longer your time horizon, the more risky (and potentially more lucrative) investments you can make. Many financial advisors believe that with a longer time horizon, you have more opportunity to ride out fluctuations in your investments. On the other hand, if your time horizon is very short, you may want to concentrate your investments that may offer a lower return but also greater reassurance about whether the money will be there when you need it. because a shorter time frame may not give you enough time to try to recoup any losses.

Risk tolerance

Another factor to consider is your individual risk tolerance . How comfortable are you with the possibility of investment loss, or seeing the value of your investment fluctuate? Many investors would forgo the possibility of a large gain if they knew there was also the possibility of a large loss (these investors are known as risk averse). Other investors, so-called risk seekers, are more willing to take the chance of a large loss if there were also the possibility of a large gain.

It's not always easy to determine where you stand on the spectrum of risk aversion versus risk-seeking, but it's important to try to get an accurate assessment. Risk aversion isn't an either-or proposition; many investors consider themselves risk-seekers until they actually experience a loss that gets too painful. Before making any investment, you should try to get a sense of just what circumstances might cause you to sell an investment if it began to experience a loss. After all, an investing game plan only works if you're able to stick to it, and having an accurate sense of your true risk tolerance will help you develop a plan you can stay with.

Keep in mind that, as noted above, your time horizon can affect your risk tolerance . For example, if you're investing for retirement 30 years from now, you may be more willing to face greater risk in exchange for the potential for a higher return than if you're saving to send your child to college in 4 years.

Liquidity needs

Another question you should ask when setting your investment goals is, "What are my liquidity needs?" Liquidity refers to how quickly an investment can be converted into cash (or the equivalent of cash). Real estate , for example, tends not to be very liquid; it can take a very long time to sell either residential or commercial real estate. Publicly traded stock, on the other hand, tends to be relatively liquid, though you might suffer a loss if you need to sell when the market is down. Cash and cash alternatives such as money market accounts are extremely liquid (though even here, some types of cash alternatives may be more liquid than others).

Your liquidity needs will affect the type of investments you might choose to meet your goals. For example, if you don't have short-term liquidity needs, you can probably afford to invest in less liquid investments where the potential for gain is much higher than for more liquid investments. However, if you have two children going to college in the next couple of years, you probably don't want all of their tuition money invested in less liquid assets. Like your risk tolerance, your liquidity needs are also related to your time horizon.

When considering your liquidity needs, don't forget to think not just about your liquidity needs for a given financial goal, but your overall liquidity needs. If you have a stable income, excellent job prospects, an emergency cash reserve, and no pressing financial obligations, you may have fewer concerns about liquidity than someone with a family and no emergency fund who works in an industry that's experiencing layoffs.

Investment goals: growth, income, stability

Once you've determined your financial goals and how your time horizon, risk tolerance, and liquidity needs affect them, it's time to think about how your investments might help you achieve those goals. When considering any investment, you'll need to think about what it offers in terms of three key investment goals:

- Growth: In investing terms, growth (also known as capital appreciation) is an increase in the value of an investment; in other words, you can sell it for more than you paid for it. Your capital is the money you put into an investment initially. If you buy a stock that costs $10 a share and eventually sell the stock for $12 a share, that extra $2 represents capital appreciation, or growth.
- Income: Some investments make periodic payments of interest or dividends. Those payments represent investment income, which can be spent or reinvested. For retirees, income obviously is a key investment goal, but it can be important for other reasons as well. For example, income payments can help offset the impact of the ups and downs of a growth-oriented investment.
- Stability: This is sometimes known as capital preservation or protection of principal. An investment that focuses on stability concentrates less on increasing the value of that investment and more on trying to ensure that it doesn't lose value. If you plan to spend a certain amount of money soon and want to make sure the money is there when you need it, stability might be your primary investment goal.

With each individual investment, there is a relationship between growth, income, and stability. The more an investment offers in one of those areas, the more you may have to trade off in terms of the other two. The key to setting investment goals is to tailor each investment to what you want it to do for you.

You may choose to have a single investment goal for a given financial goal, as in the example of making stability a priority for short-term money. Or you may prefer to combine several investments to achieve a balance among stability, income, and growth so that you maximize your overall returns at a level of risk that you're comfortable with and that suits your financial goal or goals.

Additional questions to consider

- How much money do you have to invest?
- What are your sources of investment capital? Do you have a lump sum, or will you be investing regularly and systematically?
- How much profit do you need an investment to generate?
- What is your current income tax bracket?

Once you have identified appropriate financial and investment goals, you can then begin to select individual investments, and think about how to combine all your various goals and investments into an overall portfolio.

Financial Planning Education/Services

What is it?

In general

Today, employees have more choices than ever in terms of employee benefit programs and are taking a more active role in securing their financial future. An employee benefit that can help your employees to understand the often confusing world of investment and retirement planning is financial planning education/services. Many employees would appreciate education on financial topics to help them make informed investment and retirement planning decisions. In addition, many of your employees probably do not fully understand the various types of plans, such as the 401(k) plan, that are offered as part of their overall employee benefit package. This lack of knowledge can lead to decreased plan participation and improper decision making regarding plan investments. Decreased plan participation coupled with improper decision making can result in employee dissatisfaction with plan offerings. Financial planning education allows your employees to become more aware of their benefits, assists them in understanding plan provisions, and helps them to reach their financial goals.

Advantages of financial planning education

There are many advantages to providing your employees with financial planning education. These advantages include the following:

- Allows your employees to recognize that they have the ability to secure their own financial future
- Enables your employees to more effectively utilize their benefit programs, resulting in a maximization of benefits and increased appreciation for the benefits that you offer to your employees
- Improves company morale and increases employee productivity
- Increases participation in benefit plans
- Allows employees to invest more effectively

Types of financial planning education

There are numerous types of financial planning education that you can offer to your employees. Group seminars allow a large group of employees to learn about financial planning in general and provide employees with an explanation of their benefit and investment options. Online, self-study materials that provide them with a comprehensive overview of financial planning topics can be offered for use at their convenience. You can supplement online offerings with printed materials covering a wide array of financial planning topics (e.g., planning for retirement, investing, and getting married). Enhanced benefit statements can not only provide your employees with a detailed explanation of their benefits, but also include useful financial planning information (e.g., how to use a particular savings plan for retirement saving, projected balances, and estimation of retirement income).

Tip: *The financial planning information that you offer to your employees should be objective. For example, many sellers of investment products conduct seminars or provide financial planning materials free of charge.*

Health Savings Accounts

What is a health savings account (HSA)?

A health savings account (HSA) is a savings vehicle established to set aside funds tax free to pay for health care expenses. HSAs, created as part of the Medicare Prescription Drug and Modernization Act of 2003, expand upon the benefits offered by Archer medical savings accounts (Archer MSAs). Like Archer MSAs, HSAs allow individuals who have high-deductible health plans (HDHPs) to save money for health-care expenses tax free. But whereas Archer MSAs can be established only by employees of small businesses and self-employed individuals, HSAs can be established by any qualified individual covered by an HDHP.

Caution: *The Archer MSA program expired on December 31, 2007.*

Who can establish an HSA?

Generally, if you are covered under an HDHP, you are eligible to establish an HSA. In 2015, a qualifying HDHP (1) has an annual deductible of at least $1,300 for individual coverage or $2,600 for family coverage, and (2) limits annual out-of-pocket expenses (e.g., co-pays, deductibles) to $6,450 for individual coverage or $12,900 for family coverage.

You will not be eligible to open an HSA, even if you are covered under an HDHP, if any of the following apply:

- You are already covered under a non-HDHP, including a comprehensive major medical plan, a plan sponsored by your employer or your spouse's employer, or a prescription drug plan or rider with a low deductible or no deductible. (Some health plans are exempted from this provision, including dental or vision care insurance, long-term care insurance, disability insurance, and accident insurance.)
- You can be claimed as a dependent on another person's income tax return.
- You are entitled to Medicare coverage (i.e., you are age 65 or older), and have enrolled in Medicare.

Caution: *To qualify as an HDHP, a plan offering family coverage must specify that no payment can be made from the plan for any individual (except for exempt preventative care benefits to which a deductible does not need to apply) until the family deductible is satisfied.*

Caution: *If your spouse has non-HDHP family coverage, but that plan does not cover you, you may still contribute to an HSA if you are otherwise eligible to do so. However, your spouse will not be eligible to contribute to an HSA.*

Tip: *HDHP deductibles and out-of-pocket expense limits are indexed annually for inflation.*

How do you establish an HSA?

An HSA is a tax-exempt trust or custodial account that can be established through any qualified trustee or custodian, including a bank, an insurance company, or a third-party administrator. In some cases, this may be the same institution offering the HDHP. You can open an HSA on your own or, if available, through your employer. Employers may offer HSAs as part of a cafeteria plan.

Who can make contributions to an HSA?

You, your eligible family members, or others who wish to do so can make contributions to your HSA. If you're employed, your employer may also make contributions to your HSA. Contributions may be made directly or through salary reduction under a cafeteria plan (if offered by your employer). However, no contributions can be made to your HSA once you retire.

Caution: *Employers who make contributions to employee HSAs must generally make comparable contributions to the HSAs of all comparable participating employees (either the same percentage of the deductible amount or the same dollar amount). Otherwise, the employer must pay an excise tax equal to 35 percent of the actual contributions made. An employer, can, however, make larger HSA contributions for nonhighly compensated employees than for highly compensated employees without violating the comparability rule. In addition, the comparability rule is applied separately to part-time employees and does not apply to contributions made through a cafeteria plan. However, contributions to an HSA made under a cafeteria plan are subject to Section 125 nondiscrimination rules.*

How much can you contribute to an HSA?

For tax year 2015, you can contribute up to $3,350 for individual coverage or $6,650 for family coverage, to your HSA. This annual limit is the sum of the limits determined separately for each month (i.e., the amount you can contribute in each month is computed by dividing the annual contribution limit by 12).

Example(s): *For example, Jason is covered by an HDHP starting on January 1, 2015 and will remain covered for the rest of the year. Since his maximum annual contribution limit is $3,350, his monthly contribution limit is $279 ($3,350 divided by 12).*

You can choose to make monthly contributions to your HSA, or you can make a lump-sum contribution any time before your tax return becomes due (i.e., for most individuals, by April 15th of the year following the year for which contributions are being made), as long as your contributions have already accrued.

What if you become eligible for an HSA after the beginning of the year? In this case, your maximum contribution for the year is the annual maximum dollar amount for the year, even though you weren't eligible for the entire year. However, you must remain in the HSA-eligible plan for the entire calendar year following the last month of the year in which you made that contribution. Otherwise, the contribution will be included in your gross income for the calendar year in which you ceased to be eligible, and will be subject to an additional 20 percent penalty tax.

You may also be eligible to make additional "catch-up contributions" to your HSA if you are 55 or older. The catch-up contribution amount is $1,000. If eligible, both you and your spouse can make separate catch-up contributions to an HSA. However, no regular or catch-up contributions can be made once you reach age 65 and are enrolled in Medicare.

Caution: *Contributions you make to an Archer MSA or to another HSA will reduce the amount you can contribute to your HSA for the same year.*

Can you make contributions to an HSA if you are covered under an FSA or HRA?

You may be ineligible to make contributions to an HSA if you are currently covered under a flexible spending account (FSA) or a health reimbursement arrangement (HRA) that duplicates coverage provided by the HSA. However, if you have an FSA or an HRA, you will be eligible to participate in an HSA if:

- Your FSA or HRA is a limited purpose account that repays or reimburses only vision, dental, or preventative care expenses
- Your FSA or HRA is a high-deductible arrangement (called a post-deductible arrangement by the IRS) that pays or reimburses health-care expenses only after the minimum annual HDHP deductible has been satisfied
- You suspend your HRA for a time by electing to forgo payment or reimbursement of HRA benefits incurred during the suspension period (your employer can continue to make contributions during the suspension)
- Your HRA is a retirement HRA that only reimburses medical expenses you incur once you retire (though contributions can be made before you retire).

Can your contributions earn interest?

Yes. As the account owner, you can direct your contributions to a savings or investment option offered by the qualified trustee or custodian of your HSA. Any interest and investment earnings on contributions grow tax deferred until withdrawn, and like contributions, will be tax free when withdrawn if used to pay qualified medical expenses.

How are contributions taxed?

Individual contributions you make to your HSA that do not exceed the maximum contribution limit are tax deductible on your federal income tax return. Because you deduct these contributions "above-the-line" when computing your adjusted gross income, you can deduct HSA contributions even if you don't itemize. You can also deduct contributions made by a family member on your behalf.

If your employer makes contributions to your HSA, these are excludable from your gross income. Any contributions made through a cafeteria plan are treated as employer contributions. However, you cannot deduct employer contributions to your HSA.

Tip: *Employer contributions will be reported in Box 12 of your Form W-2.*

Tip: *Employer contributions are not taxable to the employer and are not subject to FICA or FUTA taxes.*

How are distributions taxed?

You can withdraw money from your HSA for qualified medical expenses for yourself, your spouse, and your dependents. Distributions from an HSA for qualified medical expenses are not taxable. However, distributions for nonqualified expenses are considered taxable income and are subject to an additional 20 percent penalty tax.

Tip: *The penalty for nonqualified expenses does not apply if the distribution is made as a result of the beneficiary's death or disability or when the beneficiary reaches age 65.*

What are qualified medical expenses?

Qualified medical expenses are health-care expenses, as defined by Internal Revenue Code 213(d), that are paid by you, your spouse, or your dependents. These include laboratory fees, prescription and nonprescription drugs, dental treatment, ambulance service, eyeglasses, and hearing aids, as well as many other health care expenses. HSA funds may also be used to cover health insurance deductibles and co-payments.

Caution: *Over-the-counter (OTC) medications are no longer considered a qualified medical expense for purposes of HSAs, FSAs, HRAs, and Archer MSAs. However, OTC medicines prescribed by a physician and insulin will still be considered qualifying expenses.*

Generally, health insurance premiums, including HDHP premiums, are not qualified expenses, except for the following types of health coverage (1) COBRA coverage; (2) Qualified long-term care insurance (3) Health coverage maintained while receiving unemployment compensation and (4) Retiree health insurance other than a Medicare supplemental policy (Medigap).

Tip: *The HSA trustee or employer is not responsible for ensuring that amounts distributed from an HSA are used for qualified medical expenses.*

For a list of qualified medical expenses, see IRS Publication 502.

Are rollovers permitted?

Some rollovers are permitted. For example, you may roll over funds from an existing Archer MSA to an HSA, and you may roll over funds from one HSA to another. Rollovers are not subject to the limits that apply to contributions. Funds must be rolled over into your HSA within 60 days of receiving the distribution in order to be exempt from income tax and the additional 20 percent penalty that applies to nonqualified distributions.

If eligible, you may also roll over funds from your IRA (other than a SEP or SIMPLE IRA) to your HSA, generally once during your lifetime. However, the amount you roll over can't exceed the annual HSA contribution limit for that year, and is reduced by any amount you've already contributed to your HSA for the year.

What happens to funds remaining in your HSA?

At the end of the year

One of the advantages of HSAs is that unlike FSAs, HSAs do not have a "use it or lose it" provision. Funds remaining in your account at the end of the year are not forfeited and can continue to accumulate tax free year after year until withdrawn.

If you change jobs

An HSA is portable. Because the account is yours, you can keep it and continue to make contributions even if you change employers or leave the workforce.

If you divorce

If all or part of your interest is transferred to your spouse as part of a divorce settlement, it will not be considered a taxable transfer, and the transferred interest will continue to be treated as an HSA.

If you retire

Although you can no longer open or make contributions to an HSA once you reach age 65 and are enrolled in Medicare, you can take tax-free distributions from your account to pay for medical expenses. You can withdraw funds from your account for nonmedical purposes without owing a penalty (although the amount you withdraw will be subject to income tax).

If you die

Funds remaining in your HSA upon your death become the property of your designated beneficiary. If the beneficiary is your spouse, he or she becomes the account holder and the account remains an HSA. If the beneficiary is not your spouse, the account ceases to be an HSA as of the day of your death, and the fair market value of the funds are includable in your beneficiary's gross income.

Roth IRAs

What is it?

A Roth individual retirement account (IRA) is a personal savings plan that offers certain tax benefits to encourage retirement savings. Contributions to a Roth IRA are never tax deductible on your federal income tax return, which means that you can contribute only after-tax dollars. But amounts contributed to the Roth IRA grow tax deferred and, if certain conditions are met, distributions (including both contributions and investment earnings) will be completely tax free at the federal level.

A Roth IRA, like a traditional IRA, is not an investment, but a tax-advantaged vehicle in which you can hold some of your investments. You need to decide how to invest your Roth IRA dollars based on your own tolerance for risk and investment philosophy. How fast your Roth IRA dollars grow is largely a function of the investments you choose.

Caution: *All investing involves risk, including the possible loss of principal.*

For 2015, you can contribute up to the lesser of $5,500 ($6,500 if you're age 50 or older) or 100 percent of your taxable compensation to a Roth IRA. You may also be able to contribute up to $5,500 to a Roth IRA in your spouse's name even if he or she receives little or no taxable compensation ($6,500 if your spouse is 50 or older). However, not everyone qualifies to use the Roth IRA. Even if you do, you may not qualify to contribute the annual maximum. The amount you can contribute to a Roth IRA (if any) depends on your modified adjusted gross income (MAGI) for the year and your federal income tax filing status.

Tip: *Consider contributing to a Roth IRA rather than a traditional deductible IRA if you expect that you may be in the same or a higher federal income tax bracket when you retire. If you can't make deductible contributions to a traditional IRA and are trying to decide between making nondeductible contributions to a traditional IRA or contributing to a Roth IRA, you should probably choose the Roth IRA. If you are eligible to contribute to a Roth IRA, there is generally no advantage to making nondeductible contributions to a traditional IRA.*

Tip: *If you participate in a 401(k), 403(b), or 457(b) plan at work, you may be able to make Roth contributions to the plan. Qualified distributions of these contributions and related earnings may be income tax free (and penalty free) at the federal level. Your employer may also match your contributions, in whole or in part. The ability to make Roth contributions to your employer's plan may be a factor in deciding whether (or how much) to contribute to a Roth IRA. Be sure to discuss your situation with a qualified professional before making any decisions.*

Caution: *Special rules apply if you inherit an IRA.*

Caution: *Special rules apply to certain distributions to reservists and national guardsmen called to active duty after September 11, 2001.*

When can it be used?

You must receive taxable compensation during the year

To contribute to an IRA (Roth or traditional), you must receive taxable compensation during the year. For purposes of IRA contributions, taxable compensation includes wages, salaries, commissions, self-employment income, and taxable alimony or separate maintenance. Other taxable income, such as interest earnings, dividends, rental income, pension and annuity income, and deferred compensation, does not qualify as taxable compensation for this purpose. Your contribution for a given year cannot exceed your taxable compensation for that year.

Tip: *Members of the Armed Forces can include nontaxable combat pay as part of their taxable compensation when determining how much they can contribute to an IRA (their own or a spousal IRA). For service members with only nontaxable combat pay, Roth IRA contributions will generally make more sense than nondeductible contributions to a traditional IRA.*

Tip: *An individual who receives a military death gratuity or Service member's Group Life Insurance ("SGLI") program payment to contribute the funds to a Roth IRA within one year of receiving the death benefits. These contributions are treated as rollover contributions to the Roth IRA account, and are not subject to normal income or contribution limits. In the event of a subsequent distribution from a Roth IRA that is not a qualified distribution, the amount of the distribution attributable to the contribution of the military death gratuity or SGLI payment is treated as nontaxable investment in the contract.*

Tip: *Differential pay received by service members is considered compensation for IRA contribution purposes. Differential pay is defined as any payment which: (1) is made by an employer to an individual with respect to any period during which the individual is performing service in the uniformed services while on active duty for a period of more than 30 days; and (2) represents all or a portion of the wages that the individual would have received from the employer if the individual were performing services for the employer.*

Your ability to make annual contributions depends on your income and filing status

If you file your federal income tax return as single or head of household and your MAGI for 2015 is $116,000 or less, you can make a full contribution to your Roth IRA. Similarly, if you file your return as married filing jointly or qualifying widow(er) and your MAGI for 2015 is $183,000 or less, you can make a full contribution. Otherwise, your allowable annual Roth IRA contribution is reduced or eliminated as follows:

If your federal filing status is:	Your Roth IRA contribution is reduced if your MAGI is:	You cannot contribute to a Roth IRA if your MAGI is:
Single or head of household*	More than $116,000 but less than $131,000 (for 2015) ($114,000-$129,000 for 2014)	$131,000 or more (for 2015) ($129,000 or more for 2014)
Married filing jointly or qualifying widow(er)*	More than $183,000 but less than $193,000 (for 2015) ($181,000-$191,000 for 2014)	$193,000 or more (for 2015) ($191,000 or more for 2014)
Married filing separately	More than $0 but less than $10,000	$10,000 or more

*These income ranges are indexed for inflation each year.

If you are married filing a joint return, you may be able to contribute to a Roth IRA for your spouse even if he or she has little or no taxable compensation. If you are married filing separate returns and you lived apart from your spouse at all times during the taxable year, you are treated as a single taxpayer for purposes of the Roth IRA rules.

Tip: *To calculate the exact amount of your allowable Roth IRA contribution, a step-by-step worksheet is available. See IRS Publication 590, Individual Retirement Arrangements (IRAs).*

Tip: *These income limits do not apply to rollover contributions to your Roth IRA.*

Even though your ability to make annual Roth contributions may be limited depending on your income and filing status, there's an easy workaround if you want to make annual Roth contributions. You can simply make your annual contribution first to a traditional IRA, and then take advantage of the new liberal conversion rules and convert that traditional IRA to a Roth IRA. (You can make nondeductible contributions to a traditional IRA if you have taxable compensation and you haven't yet reached age 70½.) There are no limits to the number of Roth conversions you can make. (Note: you'll need to aggregate all traditional IRAs and SEP/SIMPLE IRAs you own (other than IRAs you've inherited) when you calculate the taxable portion of your conversion.)

You must not have already contributed the annual maximum to your traditional IRA

Total contributions to all of your IRAs (traditional and Roth) cannot exceed $5,500 for 2015 ($6,500 if you're age 50 or older). If you contribute the maximum allowed to your traditional IRA for any year, you cannot contribute to your Roth IRA at all for that year. If you make a partial contribution to your traditional IRA, your allowable Roth IRA contribution for that year is equal to the difference between the annual IRA contribution limit and the amount contributed to your traditional IRA (or vice versa).

Example(s): *You have a traditional IRA and a Roth IRA. You contribute $2,900 to your traditional IRA for 2015. You can contribute no more than $2,600 to your Roth IRA for 2015 ($3,600 if age 50 or older).*

Tip: *The annual contribution limits ($5,500 in 2014 and 2015) don't apply to rollover contributions.*

Caution: *An active reservist or guardsman who receives a qualified reservist distribution can repay all or part of that distribution to an IRA at any time during the two year period beginning on the day after active duty ends. The regular IRA contribution limits don't apply to these repayments. A qualified reservist distribution is a payment from an IRA, or a payment of elective deferrals and earnings from a 401(k) plan or 403(b) plan, to an active reservist or guardsman who is called to duty after September 11, 2001, for*

a period in excess of 179 days (or for an indefinite period).

Strengths

Qualified distributions are completely tax free

A withdrawal from a Roth IRA (including both your contributions and investment earnings) is completely tax free (and penalty free) if (1) made at least five years after you first establish any Roth IRA, and (2) one of the following also applies:

- You have reached age 59½ by the time of the withdrawal
- The withdrawal is made due to qualifying disability
- The withdrawal is made for first-time homebuyer expenses ($10,000 lifetime limit)
- The withdrawal is made by your beneficiary or estate after your death

Withdrawals that meet these conditions are referred to as qualified distributions. If the above conditions aren't met, any portion of a withdrawal that represents investment earnings will be subject to federal income tax and may also be subject to a 10 percent premature distribution tax if you are under age 59½ (unless an exception applies). See "Questions & Answers," below.

Tip: *The five-year holding period begins on January 1 of the tax year for which you make your first contribution (regular or rollover) to any Roth IRA. Each taxpayer has only one five-year holding period for this purpose.*

Example(s): *You make an annual Roth contribution on April 15, 2015, and designate the contribution for the 2014 tax year. If this is your first Roth contribution, your five-year holding period begins on January 1, 2014.*

Tip: *Because the five-year holding period runs from the first day of the tax year for which you establish any Roth IRA you should establish a Roth IRA as soon as you can, even if you can afford only a minimal contribution. The earlier you satisfy the five-year holding period, the sooner you may be able to receive tax-free qualified distributions from your Roth IRA.*

Caution: *Roth IRAs you inherit are subject to different five-year holding periods.*

Fewer restrictions on making withdrawals prior to retirement

The ability to make tax-free withdrawals from a Roth IRA under certain conditions ("qualified distributions") can be a compelling reason to use this type of IRA. Furthermore, even if you make a withdrawal that fails to meet those conditions (a "nonqualified" distribution), you may not be taxed on the full amount of the withdrawal. That's because when you withdraw funds from your Roth IRA, distributions are treated as consisting of your contributions first and investment earnings last. Since amounts that represent your contributions have already been taxed, they are not taxed again or penalized (even if you are under age 59½) when you withdraw them from the Roth IRA. Only the portion of a nonqualified distribution that represents investment earnings will be taxed and possibly penalized.

Caution: *If you convert funds from a traditional IRA to a Roth IRA, special penalty provisions may apply if you subsequently withdraw funds from the IRA within five years of the conversion (and prior to age 59½).*

You can contribute to a Roth IRA after age 70½

Unlike traditional IRAs, you can contribute to a Roth IRA for every year that you have taxable compensation, including the year in which you reach age 70½ and every year thereafter.

Your funds can stay in a Roth IRA longer than in a traditional IRA

The IRS requires you to take annual required minimum distributions from traditional IRAs beginning when you reach age 70½. These withdrawals are calculated to dispose of all of the money in the traditional IRA over a given period of time. Roth IRAs are not subject to the required minimum distribution rule. In fact, you are not required to take a single distribution from a Roth IRA during your lifetime (although distributions are generally required after your death). This can be a significant advantage in terms of your estate planning.

You can contribute even if covered by an employer-sponsored retirement plan

Your ability to contribute to a Roth IRA does not depend on whether you or your spouse is covered by an employer-sponsored retirement plan. The fact that one of you is covered by such a plan has no bearing on your allowable contribution to a Roth IRA.

This is in contrast to traditional IRAs, where your ability to deduct your contributions may be limited if you or your spouse are covered by an employer plan. However, remember that your ability to make annual contributions to a Roth IRA does depend on your tax filing status and MAGI for the year.

Investment choices are broad and diverse

Like a traditional IRA, you can establish a Roth IRA with a bank, mutual fund company, life insurance company, or stockbroker. You can even have multiple IRA accounts with more than one institution. Furthermore, you can choose from a wide range of specific investments to fund your Roth IRA. Intense competition for IRA dollars has led to a large number of IRA providers and investment choices.

Caution: *All investing involves risk, including the possible loss of principal. Before investing in a mutual fund, carefully consider its investment objectives, risks, fees, and expenses, which can be found in the prospectus available from the fund. Read it carefully before investing.*

Caution: *The IRS has ruled that the wash sales rules apply if you sell stock or other securities outside of your IRA for a loss, and purchase substantially identical stock or securities in your IRA (traditional or Roth) within 30 days before or after the sale. The result is that you cannot take a deduction for your loss on the sale of the stock or securities. In addition, your basis in your IRA is not increased by the amount of the disallowed loss.*

When you die, your beneficiaries may pay no income tax on proceeds

As long as any Roth IRA you have established has been in existence for at least five years at the time of your death, your beneficiaries will not have to pay any federal income tax on post-death distributions from any Roth IRA you own. Even if you haven't satisfied the five-year holding period at the time of your death, distributions to your beneficiary will still be tax free if he or she waits until the date you would have satisfied the five-year holding period before taking distributions from the Roth IRA. Tax-free distributions to your beneficiary can make the Roth IRA a very valuable estate planning tool. However, bear in mind that the value of your Roth IRA will be included in your taxable estate to determine if federal estate tax is due.

If your beneficiary is your surviving spouse, and your spouse rolls your Roth IRA over to his or her own Roth IRA, or treats your Roth IRA as his or her own, then distributions from the Roth IRA will be tax-free only if your spouse satisfies the requirements for a qualified distribution (that is, your spouse satisfies the five-year holding period, and the distribution is made after your spouse attains age 59½, becomes disabled, dies, or incurs qualifying first-time homebuyer expenses). The five-year holding period--for both the IRA inherited from you and any other Roth IRAs your spouse may own--ends on the earlier of (a) the end of your five-year holding period, or (b) the end of the five-year holding period applicable to your spouse's own Roth IRAs.

Contributions are discretionary

Like a traditional IRA, you do not have to make a contribution to your Roth IRA for any year unless you choose to. You can exercise complete discretion in deciding how much and when to save (subject to the annual dollar limit on contributions).

A Roth IRA is relatively simple to maintain

Like a traditional IRA with deductible contributions, a Roth IRA is relatively simple to maintain. There are no annual reporting requirements for Roth IRAs.

Traditional IRAs and certain employer plan distributions can be converted to Roth IRAs

You can convert your traditional IRA funds to a Roth IRA. ("Traditional IRA" for this purpose includes SEP IRAs, and SIMPLE IRAs after two years of participation. This may be advisable if you have determined that you will reap more benefits from the Roth IRA than the traditional IRA. However, you should carefully consider the income tax consequences and other issues associated with converting funds Similarly, certain non-Roth distributions from your 401(k) or other qualified plan, 403(a) annuity, 403(b) plan, or 457(b) plan can be rolled over (converted) to a Roth IRA. See "Questions and Answers," below.

"Catch-up" contributions are allowed if you're at least 50

Individuals age 50 and older may make an additional yearly "catch-up" contribution up to $1,000 to a traditional or Roth IRA (over and above the regular contribution limit). The purpose of this provision is to help older individuals increase their savings as they

approach retirement. (You're considered to be age 50 for a year if you reach age 50 by December 31 of that year.)

You may qualify for a tax credit

Certain low- and middle-income taxpayers can claim a partial, nonrefundable income tax credit for amounts contributed to a traditional or Roth IRA. The maximum annual contribution eligible for the credit is $2,000. The maximum credit is $1,000 (50 percent of $2,000) per taxpayer, but the actual amount of the credit (if any) depends on your MAGI. Here are the credit rates based on 2015 MAGI limits (these limits are adjusted annually for inflation):

Joint Filers	Heads of Household	All Other Filers	Credit Rate	Maximum Credit (Per Taxpayer)
$0 - $36,500	$0 - $27,375	$0 - $18,250	50% of contribution (up to $2,000)	$1,000
$36,501 - $39,500	$27,376 - $29,625	$18,251 - $19,750	20%	$400
$39,501 - $61,000	$29,626 - $45,750	$19,751 - $30,500	10%	$200
Over $61,000	Over $45,750	Over $30,500	0%	$0

To claim the credit, you must be at least 18 years old and not a full-time student or a dependent on another taxpayer's return. The credit is in addition to any income tax deduction you might qualify for with respect to your IRA contribution.

Caution: *The amount of any contribution eligible for the credit may be reduced by any taxable distributions you (or your spouse if you file a joint return) receive from an IRA or employer-sponsored retirement plan (or any nontaxable distributions from a Roth IRA) during the same tax year, during the period for filing your tax return for that year (including extensions), or during the prior two years.*

Tradeoffs

You can contribute only after-tax dollars

Contributions to a Roth IRA are never tax deductible on your federal income tax return. In other words, you can contribute only after-tax dollars to a Roth IRA. This is in contrast to a traditional IRA, which may allow you to deduct your contributions under certain conditions.

Contributions are limited to the annual maximum (or possibly even less)

You cannot contribute a total of more than $5,500 per year to all of your IRAs (Roth and traditional) for 2015 ($6,500 if you're age 50 or older by the end of the calendar year).

Example(s): *You have two traditional IRAs and a Roth IRA. You can contribute no more than $5,500 overall in 2015. You can contribute the entire $5,500 to any of the three IRAs, or you can divide the $5,500 contribution among them in any manner you choose.*

Tip: *The annual contribution limits don't apply to rollover contributions.*

Tip: *You may also be able to contribute up to $5,500 to an IRA in your spouse's name in 2015 even if he or she has little or no taxable compensation ($6,500 if your spouse is age 50 or older).*

Caution: *An active reservist or guardsman who receives a qualified reservist distribution can repay all or part of that distribution to an IRA at any time during the two year period beginning on the day after active duty ends. The regular IRA contribution limits don't apply to these repayments.*

Your ability to contribute in 2014 depends on your income and tax filing status

See "Your ability to make annual contributions depends on your income and filing status," above.

Withdrawals are taxable under certain conditions

A withdrawal from a Roth IRA (including both contributions and investment earnings) is completely tax free only if it is a qualified distribution (see "Strengths," above).

If your withdrawal is a nonqualified distribution, the portion of your distribution that represents investment earnings will be subject to federal income tax, and may also be subject to a 10 percent premature distribution tax if you are under age 59½ (unless an exception applies). Only the portion of a nonqualified distribution that represents your contributions will not be taxed or penalized, since those dollars were taxed once already. (When you make a withdrawal, your own nontaxable distributions are generally deemed distributed first.)

Special penalty provisions may apply to withdrawals of Roth IRA funds that were converted from a traditional IRA

If you roll over or convert funds from a traditional IRA to a Roth IRA, special rules apply. If you are under age 59½, any nonqualified withdrawal that you make from the Roth IRA within five years of the rollover or conversion may be subject to the 10 percent premature distribution tax (to the extent that the withdrawal consists of converted funds that were taxed at the time of conversion). The reason for this special rule is to ensure that taxpayers don't convert funds from a traditional IRA solely to avoid the early distribution penalty.

Tip: *The five-year holding period begins on January 1 of the tax year in which you convert the funds from the traditional IRA to the Roth IRA. When applying this special rule, a separate five-year holding period applies each time you convert funds from a traditional IRA to a Roth IRA.*

Caution: *This five-year period may not be the same as the five-year period used to determine whether your withdrawal is a qualified distribution.*

Example(s): *In 2012, you open your first Roth IRA account by converting a $10,000 traditional IRA to a Roth IRA. You include $10,000 in your taxable income for 2012. You make no further contributions. In 2015, at age 55, your Roth IRA is worth $12,000, and you withdraw $10,000. The distribution is not a qualified distribution because five years have not elapsed from the date you first established a Roth IRA. And because you are making a nonqualified withdrawal within five years of your conversion, the entire $10,000 is subject to a 10 percent premature distribution tax unless you qualify for an exception. This "recaptures" the early distribution tax you would have paid at the time of the conversion.*

Example(s): *You open a regular Roth IRA account in 2008 with a contribution of $100, and make no further contributions to the account. In 2012, at age 60, you convert a $100,000 traditional IRA to a Roth IRA. In 2015 you withdraw $50,000 from this Roth IRA. Because you are over age 59½ in 2015, and because more than five years have elapsed from January 1, 2008 (the year you first established any Roth IRA), your withdrawal is a qualified distribution and is totally free of federal income taxes. Even though your withdrawal was within five years of the conversion, no penalty tax applies.*

States differ in their treatment of Roth IRAs

Although most states follow the federal income tax treatment of Roth IRAs, some may not. You should check with your tax advisor regarding the tax treatment of Roth IRAs in your particular state. In addition, some states may provide Roth IRA funds with less creditor protection than they provide traditional IRA funds.

Tip: *Federal law provides protection for up to $1,245,475 (as of April 1, 2013) of your aggregate Roth and traditional IRA assets if you declare bankruptcy. (Amounts rolled over to your Roth IRA from an employer qualified plan or 403(b) plan, plus any earnings on the rollover, aren't subject to this dollar cap and are fully protected.) The laws of your particular state may provide additional bankruptcy protection, and may provide protection from the claims of your creditors in cases outside of bankruptcy. (Inherited IRAs may be afforded less protection from creditors under federal and state law--seek professional guidance.)*

The law may change in the future

Most of the advantages offered by the Roth IRA depend on the federal government's promise that qualifying distributions from Roth IRAs will always be tax free. It is unlikely, but if the law changes, all bets are off. Remember that Social Security benefits were once not subject to federal income tax, but federal law was later changed to tax a percentage of such benefits in certain situations.

How to do it

Establish a Roth IRA

Where you choose to establish your Roth IRA and the specific investments you choose depends on your own personal needs and preferences. You have a wide variety of choices, and you should carefully consider the matter before making your decision. How fast your Roth IRA dollars grow is more a function of investment strategy and performance than of tax exemption. Consider whether you want to establish a Roth IRA with a:

- Bank
- Financial institution
- Mutual fund company
- Stockbroker
- Life insurance company

You should also consider the types of investments (e.g., stocks, bonds, mutual funds, CDs, annuities) that will best suit your goals and risk tolerance, as well as the fees that are associated with opening and maintaining your Roth IRA. Finally, keep in mind that you can establish multiple IRA accounts with more than one institution.

Tip: *Employers who maintain certain retirement plans (like 401(k), 403(b), or 457(b) plans) can allow employees to make their regular IRA contribution--traditional or Roth--to a special account set up under their retirement plan. These accounts, called "deemed IRAs," function just like regular IRAs. Advantages include the fact that your retirement assets can be consolidated in one place, contributions can be made automatically through payroll deduction, you can take advantage of any special investment opportunities offered in your employer's plan, and your protection from creditors may be greater than that available in a stand-alone IRA. The downside is that your investment choices in your employer's plan may be very limited in comparison to the universe of investment options available to you in a separate IRA. Also, the distribution options available to you and your beneficiaries in a deemed IRA may be more limited than in a stand-alone IRA. Because of the administrative complexity involved, most employers have so far been reluctant to offer these arrangements. Check with your plan administrator to see if this is an option for you.*

You have until the due date of your federal tax return for the year (usually April 15) to make a contribution for that year

If you want to make a Roth IRA contribution for the year, you have until the due date of that year's federal income tax return. For most people, this is April 15 of the following year. Your contribution deadline is not extended by any extension you may receive to file your return. So, if you obtain an automatic four-month extension, you may have additional time to file your tax return but you don't have any additional time to make a Roth IRA contribution.

Tip: *You can direct the IRS to deposit all or part of your federal income tax refund directly to an IRA (subject to the normal rules governing the amount, timing, and deductibility of IRA contributions.*

Tip: *Your five-year holding period for qualified distributions from Roth IRAs begins on January 1 of the tax year for which you first make a contribution (annual, rollover, or conversion) to any Roth IRA. For example, if you make an annual contribution to a Roth IRA on April 15, 2015, and designate that contribution for 2014, and that is your first Roth IRA contribution, then your five-year holding period will begin January 1, 2014.*

Designate the IRA as a Roth IRA

To be a Roth IRA, the IRA must be designated as a Roth IRA at the time you establish it.

Designate the year for which the contribution is made

If you contribute to your Roth IRA after December 31, you should tell the Roth IRA trustee or custodian for which year the contribution is being made. For example, if you make a contribution in February 2015 for the 2014 tax year, you should clearly identify the contribution as being made for 2014. Otherwise, the trustee or custodian may assume that the contribution is for 2015 (the year in which it is received) and report it as such. Talk to your custodian or trustee about how you should identify your contribution.

Tax considerations

Income Tax

Contributions to a Roth IRA are made with after-tax dollars

Unlike deductible contributions to a traditional IRA, you do not have the option of deducting Roth IRA contributions and reducing your taxable income on your federal income tax return. You can contribute only after-tax dollars to a Roth IRA.

Qualified distributions are tax free

A withdrawal from a Roth IRA (including both contributions and investment earnings) is completely tax free (and penalty free) at the federal level if made at least five years after you first establish any Roth IRA, and if one of the following also applies:

- You have reached age 59½ by the time of the withdrawal
- The withdrawal is made due to qualifying disability
- The withdrawal is made to pay for first-time homebuyer expenses ($10,000 lifetime limit)
- The withdrawal is made by your beneficiary or estate after your death

Tip: *The five-year holding period begins on January 1 of the tax year for which you make your first contribution (regular, rollover, or conversion) to any Roth IRA. Each taxpayer has only one five-year holding period for this purpose.*

Even if a withdrawal does not qualify for tax-free treatment, only the portion representing earnings is taxable

If you make a withdrawal from a Roth IRA that does not meet the above conditions, the portion of the withdrawal that represents investment earnings will be subject to federal income tax at ordinary income tax rates (even if the funds represent long-term capital gains or qualifying dividends), and may also be subject to a 10 percent premature distribution tax if you are under age 59½. However, the portion of the withdrawal that represents your Roth IRA contributions will not be subject to federal income tax or penalty as those dollars were already taxed. Roth IRA withdrawals are treated as being made from your nontaxable contributions first and investment earnings last. All of your Roth IRAs (other than Roth IRAs you inherit) are aggregated when determining the taxable portion of your nonqualified distribution.

Technical Note: *Technically, a distribution from a Roth IRA that is not a qualified distribution, and is not rolled over to another Roth IRA, is included in your gross income to the extent that the distribution, when added to the amount of any prior distributions (qualified or nonqualified) from any of your Roth IRAs, and reduced by the amount of those prior distributions that were previously included in your gross income, exceed your contributions to all your Roth IRAs. For this purpose any amount distributed to you as a corrective distribution is treated as if it was never contributed.*

Caution: *If you convert funds from a traditional IRA to a Roth IRA, special rules may apply if you subsequently withdraw funds from the Roth IRA. See "Special penalty provisions may apply to withdrawals of Roth IRA funds that were converted from a traditional IRA," above.*

Gift and Estate Tax

Unless you name your spouse as beneficiary (unlimited marital deduction) or a charity as beneficiary (charitable deduction), the full value of your Roth IRA at the time of your death is included in your taxable estate to determine if federal gift and estate tax is due. In addition, your state may impose a state death tax.

Questions & Answers

Are there restrictions on making withdrawals from a Roth IRA?

Yes and no. You are free to make withdrawals at any time from your Roth IRA, but only qualified distributions receive tax-free treatment. A qualified distribution is not subject to federal income tax or a 10 percent premature distribution tax. See "Tax Considerations," above.

If your withdrawal is nonqualified the portion of such distribution that represents investment earnings is subject to federal income tax and may also be subject to the 10 percent premature distribution tax if you are under age 59½ (unless an exception applies). However, the portion that represents your Roth IRA contributions is not subject to tax or penalty as those dollars have been taxed once already.

Example(s): *In 2015, you establish your first Roth IRA and you contribute $5,500 in after-tax dollars. You make no further contribution to the Roth IRA. Two years later, your Roth IRA has grown to $5,800. You withdraw the entire $5,800. Because you withdrew the funds within five tax years, your withdrawal does not meet the requirements for a qualified distribution. You already paid tax on the $5,500 you contributed, so that portion of your withdrawal is not taxed or penalized. However, the $300 that represents investment earnings is subject to tax and possibly the 10 percent premature distribution tax (unless an exception applies).*

Tip: *Distributions from Roth IRAs are generally treated as being made from your nontaxable contributions first and earnings last (see ordering rules below). In the previous example, if you withdrew only $5,500 (leaving $300 in the Roth IRA), the withdrawal would be tax-free (and penalty-free) since the entire amount would be considered a return of your contributions.*

Can you roll over funds to a Roth IRA?

Yes. Funds can be rolled over or converted from a traditional IRA, from another Roth IRA, from a Roth 401(k), 403(b), or 457(b) plan, or from a non-Roth 401(k), 403(b), or 457(b) plan.

Caution: *These rules generally apply to IRA owners during their lifetimes. Special rules apply to spouse and nonspouse beneficiaries.*

Funds in one Roth IRA can be rolled over tax free to another Roth IRA. This can be done as a direct transfer of funds from one Roth IRA trustee or custodian to another, or you can have the funds distributed to you and then roll them over to the new Roth IRA trustee or custodian yourself. If you choose the latter method and fail to complete the rollover within 60 days (from the date you received the funds), you may be subject to tax and penalty on the investment earnings portion of the funds (unless you qualify for tax-free withdrawals from the Roth IRA).

Caution: *Under recent IRS guidance, you can make only one tax-free, 60 day, rollover from one IRA to another IRA in any one-year period no matter how many IRAs (traditional, Roth, SEP, and SIMPLE) you own. This does not apply to direct (trustee-to-trustee) transfers, or Roth IRA conversions. A special transition rule applies for 2015: a tax-free rollover you made in 2014 is disregarded when determining whether a 2015 distribution can be rolled over, but only if the 2015 distribution is from an IRA that did not make, or receive, the 2014 rollover.*

Funds can also be rolled over tax-free from a Roth 401(k), Roth 403(b, or 457(b)) account to a Roth IRA. You can roll over an eligible distribution from a Roth 401(k)/403(b)/457(b) account even if you would not otherwise be able to make regular or conversion contributions to a Roth IRA because of income limits. If the distribution from the Roth 401(k)/403(b)/457(b) account is a tax-free qualified distribution, then the entire amount of the rollover is treated as part of your basis in the Roth IRA. If the distribution from the Roth 401(k)/403(b)/457(b) account is nonqualified, then only the nontaxable portion of the distribution (representing your Roth contributions) is treated as part of your basis in the Roth IRA, and the taxable portion is treated as earnings. Rollovers can be either direct or 60-day rollovers.

Caution: *Separate five-year holding periods generally apply to (a) all Roth IRAs you own, and (b) each Roth 401(k)/403(b)/457(b) designated Roth account you own. A rollover from a Roth 401(k)/403(b)/457(b) account does not affect your Roth IRAs' five-year holding period, regardless of how long the dollars rolled over resided in the 401(k)/403(b)/457(b) plan.*

Caution: *You cannot make a rollover from a Roth IRA to a Roth 401(k)/403(b)/457(b) account.*

Funds can also be rolled over, or "converted," from a traditional IRA to a Roth IRA. The amount rolled over/converted will be subject to federal income tax in the year of the conversion, except for the portion that represents any nondeductible (after-tax) contributions you've made to the traditional IRA. The 10 percent early distribution penalty tax does not apply. ("Traditional IRA" for this purpose includes SEP IRAs, and SIMPLE IRAs after two years of participation.)

You can also roll over non-Roth funds from a 401(k) or other qualified plan, 403(b), or governmental 457(b) account to a Roth IRA. These rollovers are also sometimes referred to as "conversions." This may be done either by means of a direct rollover, or an indirect (60-day) rollover. The taxable portion of your distribution from the 401(k). 403(b), or 457(b) plan will be included in your gross income in the year you make the rollover. The 10 percent early distribution penalty tax does not apply.

Caution: *Certain distributions from IRAs and employer plans can not be rolled over. These include (among others) required minimum distributions, certain periodic payments, hardship distributions, certain distributions of excess contributions and deferrals, and certain deemed distributions (for example, a loan treated as a distribution because it exceeded applicable limits).*

When you withdraw funds from a Roth IRA, in what order are the funds considered

withdrawn?

Withdrawals from Roth IRAs are considered made in the following order:

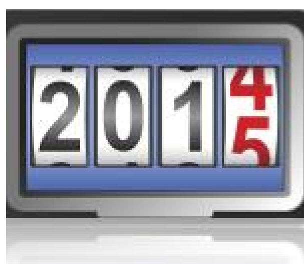
- Regular (annual) Roth IRA contributions (i.e., contributions other than rollover or conversion contributions).
- Rollover or conversion contributions, in the order made (i.e., first in, first out). If any rollover or conversion included your nondeductible (after-tax) contributions, the withdrawal is considered made first from funds that were subject to federal income tax at the time of the rollover or conversion.
- Any investment earnings.

All Roth IRAs you own (other than Roth IRAs you've inherited) are aggregated (i.e., treated as a single Roth IRA) for purposes of classifying withdrawals.

Can you recognize a loss on Roth IRA investments?

If you have a loss on your Roth IRA investment, you can recognize (include) the loss on your federal income tax return, but only when all the amounts in all of your Roth IRA accounts have been distributed to you, and the total distributions are less than your unrecovered basis, if any. Your basis is the total amount of your contributions to your Roth IRAs. You claim the loss as a miscellaneous itemized deduction, subject to the 2 percent-of-adjusted-gross-income limit that applies to certain miscellaneous itemized deductions on Schedule A, Form 1040.

Example(s): *Bill has made contributions to a Roth IRA totaling $2,000, giving him a basis at the end of 2015 of $2,000. By the end of 2016, his IRA earns $400 in interest income. In that year, Bill receives a distribution of $700, reducing the value of his Roth IRA to $1,700 ($2,000 plus $400 minus $700). The entire $700 is considered to be a return of Bill's contributions, reducing his basis in the Roth IRA to $1,300. In 2017, Bill's Roth IRA has a loss of $500. At the end of that year, Bill's Roth IRA balance is $1,200 ($1,700 minus $500), and Bill withdraws the entire amount. Bill does not have any other Roth IRAs. He can claim a loss for 2017 of $100 (the $1,300 basis minus the $1,200 distribution of the Roth IRA balance).*



IRA and Retirement Plan Limits for 2015

IRA contribution limits

The maximum amount you can contribute to a traditional IRA or Roth IRA in 2015 is $5,500 (or 100% of your earned income, if less), unchanged from 2014. The maximum catch-up contribution for those age 50 or older remains at $1,000. (You can contribute to both a traditional and Roth IRA in 2015, but your total contributions can't exceed these annual limits.)

Traditional IRA deduction limits for 2015

The income limits for determining the deductibility of traditional IRA contributions have increased for 2015 (for those covered by employer retirement plans). For example, you can fully deduct your IRA contribution if your filing status is single/head of household and your income ("modified adjusted gross income," or MAGI) is $61,000 or less (up from $60,000 in 2014). If you're married and filing a joint return, you can fully deduct your IRA contribution if your MAGI is $98,000 or less (up from $96,000 in 2014). If you're not covered by an employer plan but your spouse is, and you file a joint return, you can fully deduct your IRA contribution if your MAGI is $183,000 or less (up from $181,000 in 2014).

If your 2015 federal income tax filing status is:	Your IRA deduction is reduced if your MAGI is between:	Your deduction is eliminated if your MAGI is:
Single or head of household	$61,000 and $71,000	$71,000 or more
Married filing jointly or qualifying widow(er)*	$98,000 and $118,000 (combined)	$118,000 or more (combined)
Married filing separately	$0 and $10,000	$10,000 or more

*If you're not covered by an employer plan but your spouse is, your deduction is limited if your MAGI is $183,000 to $193,000, and eliminated if your MAGI exceeds $193,000.

Roth IRA contribution limits for 2015

The income limits for determining how much you can contribute to a Roth IRA have also increased. If your filing status is single/head of household, you can contribute the full $5,500 to a Roth IRA in 2015 if your MAGI is $116,000 or less (up from $114,000 in 2014). And if you're married and filing a joint return, you can make a full contribution if your MAGI is $183,000 or less (up from $181,000 in 2014). (Again, contributions can't exceed 100% of your earned income.)

If your 2015 federal income tax filing status is:	Your Roth IRA contribution is reduced if your MAGI is:	You cannot contribute to a Roth IRA if your MAGI is:
Single or head of household	More than $116,000 but less than $131,000	$131,000 or more
Married filing jointly or qualifying widow(er)	More than $183,000 but less than $193,000 (combined)	$193,000 or more (combined)
Married filing separately	More than $0 but less than $10,000	$10,000 or more

Employer retirement plans

The maximum amount you can contribute (your "elective deferrals") to a 401(k) plan has increased for 2015. The limit (which also applies to 403(b), 457(b), and SAR-SEP plans, as well as the Federal Thrift Plan) is $18,000 in 2015 (up from $17,500 in 2014). If you're age 50 or older, you can also make catch-up contributions of up to $6,000 to these plans in 2015 (up from $5,500 in 2014). (Special catch-up limits apply to certain participants in 403(b) and 457(b) plans.)

If you participate in more than one retirement plan, your total elective deferrals can't exceed the annual limit ($18,000 in 2015 plus any applicable catch-up contribution). Deferrals to 401(k) plans, 403(b) plans, SIMPLE plans, and SAR-SEPs are included in this limit, but deferrals to Section 457(b) plans are not. For example, if you participate in both a 403(b) plan and a 457(b) plan, you can defer the full dollar limit to each

plan--a total of $36,000 in 2015 (plus any catch-up contributions).

The amount you can contribute to a SIMPLE IRA or SIMPLE 401(k) plan has increased to $12,500 for 2015, up from $12,000 in 2014. The catch-up limit for those age 50 or older has also increased, to $3,000 (up from $2,500 in 2014).

Plan type:	Annual dollar limit:	Catch-up limit:
401(k), 403(b), governmental 457(b), SAR-SEP, Federal Thrift Plan	$18,000	$6,000
SIMPLE plans	$12,500	$3,000

Note: Contributions can't exceed 100% of your income.

The maximum amount that can be allocated to your account in a defined contribution plan (for example, a 401(k) plan or profit-sharing plan) in 2015 is $53,000 (up from $52,000 in 2014), plus age-50 catch-up contributions. (This includes both your contributions and your employer's contributions. Special rules apply if your employer sponsors more than one retirement plan.)

Finally, the maximum amount of compensation that can be taken into account in determining benefits for most plans in 2015 has increased to $265,000, up from $260,000 in 2014; the dollar threshold for determining highly compensated employees (when 2015 is the look-back year) is $120,000, up from $115,000 in 2014.

IMPORTANT DISCLOSURES

Broadridge Investor Communication Solutions, Inc. does not provide investment, tax, or legal advice. The information presented here is not specific to any individual's personal circumstances.

To the extent that this material concerns tax matters, it is not intended or written to be used, and cannot be used, by a taxpayer for the purpose of avoiding penalties that may be imposed by law. Each taxpayer should seek independent advice from a tax professional based on his or her individual circumstances.

These materials are provided for general information and educational purposes based upon publicly available information from sources believed to be reliable—we cannot assure the accuracy or completeness of these materials. The information in these materials may change at any time and without notice.

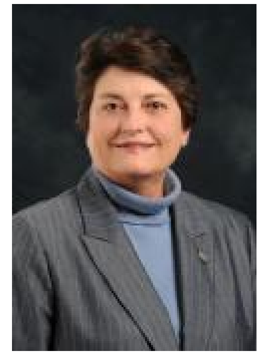
Prepared by Broadridge Investor Communication Solutions, Inc. Copyright 2015

IMPORTANT DISCLOSURES

Broadridge Investor Communication Solutions, Inc. does not provide investment, tax, or legal advice. The information presented here is not specific to any individual's personal circumstances.

To the extent that this material concerns tax matters, it is not intended or written to be used, and cannot be used, by a taxpayer for the purpose of avoiding penalties that may be imposed by law. Each taxpayer should seek independent advice from a tax professional based on his or her individual circumstances.

These materials are provided for general information and educational purposes based upon publicly available information from sources believed to be reliable—we cannot assure the accuracy or completeness of these materials. The information in these materials may change at any time and without notice.



SL Ferguson Wealth Management Services

Csenge Advisory Group

Sherida Ferguson, CFP®, CEBS®, AWMA®,CRPC®

FSC Securities Registered Representation

4755 East Bay Blvd.

Clearwater, FL 33764

813-892-9782

813-286-7773

Sferguson@fscadvisor.com

www.sheridaferguson.com

FSC SECURITIES CORPORATION

Prepared by Broadridge Investor Communication Solutions, Inc. Copyright 2015