

INDIVIDUAL RETIREMENT ACCOUNT

2016



- ▶ TRADITIONAL IRA OVERVIEW
- ▶ CONTRIBUTION LIMITS
- ▶ INVESTMENT OPTIONS

Tax Year	Married Filing Jointly			Single Filer or Head of Household		
	Full Deduction	Partial Deduction	No Deduction	Full Deduction	Partial Deduction	No Deduction
2015 Income	≤ \$98,000	> \$98,000 - < \$118,000	≥ \$118,000	≤ \$61,000	> \$61,000 - < \$71,000	≥ \$71,000
2016 Income	≤ \$98,000	> \$98,000 - < \$118,000	≥ \$118,000	≤ \$61,000	> \$61,000 - < \$71,000	≥ \$71,000

METRO FEDERAL CREDIT UNION
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BUSINESS HOURS

LOBBY

Monday-Friday 8:00am - 5:00pm
 Saturday 8:00am - 1:00pm

DRIVE-THRU

Monday-Friday 8:00am - 5:00pm
 Saturday 8:00am - 1:00pm

Your savings federally insured to \$250,000

NCUA

National Credit Union Administration
 A U.S. Government Agency

Can I establish a Traditional IRA?

Generally, if you have taxable compensation from a job or alimony, you can establish a Traditional IRA before the tax year when you reach age 70½. Contributions are fully tax-deductible if you or your spouse do not participate in an employer-sponsored retirement plan. Beginning in the calendar year in which you reach age 70½, you can no longer make contributions to a Traditional IRA.



If I am covered by a retirement plan, am I eligible to open an IRA?

You may have a Traditional IRA even if you are covered by a qualified pension, profit-sharing or other retirement plan, but you may be limited in the amount of the contributions that are tax-deductible. (To be “covered” means that money is contributed to your account, whether or not you contribute yourself.) For limitations on deductibility, [see below](#).

How much can I contribute to IRAs each year?

Most people can currently contribute up to \$5,500 or 100% of your taxable compensation for the year, whichever is less. The \$5,500 limit applies to total contributions to all IRAs in the person’s name (Traditional and Roth).

Can I contribute more if I am 50 years of age or older?

If you reach age 50 before or during the year, you are permitted to play “catch-up” with your retirement savings by contributing extra amounts to your IRAs for that year. The “catch-up” provisions apply to anyone who meets the age requirement and is otherwise eligible to contribute to an IRA.

Year	Contribution	Catch-Up Contribution Limit	Total Contribution (50+ yrs) Limit
2015	\$5,500	\$1,000	\$6,500
2016	\$5,500	\$1,000	\$6,500

What if I don't have \$5,500?

The law doesn't require a minimum contribution. You can start an IRA at METRO Federal Credit Union with as little as \$100. If your taxable compensation is under \$5,500, you can contribute all or part of it to an IRA.

When can I contribute?

You can open an IRA, or contribute to an existing IRA, at any time. In order to apply to a given tax year, contributions may be made from January 1 of that year up to the tax filing day of the following year. The tax filing day is the normal tax deadline, even if you have received an extension beyond that date for filing your tax return. For tax year 2016, you can make contributions until April 15, 2017.

Is my IRA contribution tax-deductible?

Provided that you have taxable compensation, contributions within the allowable limit are fully tax-deductible if the person or spouse is not covered by a retirement plan at work. If you participate in an employer's qualified retirement plan on any day during the tax year, the deductibility of your contributions declines to zero between certain modified adjusted gross income (AGI) ranges (see table below). The exact amount of partial deductions can be calculated by using a worksheet in [IRS Publication 590](#), “Individual Retirement Arrangements (IRAs).”

****See Table Details on Back Page****

If you are married, filing jointly, and your spouse is covered by a plan at work (but you are not), the deductibility for your contribution phases out when your modified AGI is more than \$183,000 and reaches zero at \$194,000 or more. If you (and your spouse, if you are married) do not participate in a corporate, government, Keogh, or other retirement plan, then your Traditional IRA contribution is generally fully tax-deductible, whatever your income level.

What if both my spouse and I have earned income?

If both of you have earned income, you can establish separate Traditional IRAs and can each contribute up to \$5,500 for the 2016 tax year (or \$6,500 if you reach age 50 before or during the year). If your combined income is less than your combined limits, the combined IRA contributions are limited to 100% of your taxable compensation.

What if my spouse doesn't work?

If one spouse has little or no earned income, a Traditional IRA can be established based on the income of the higher-earning spouse. In this case, the combined total contributed may be up to \$11,000 for the 2016 tax year (or \$13,000 if each of you reaches age 50 before or during the year). The total may be divided between the two accounts in any way desired, so long as neither account receives more than \$5,500 (or \$6,500 if each of you reaches age 50 before or during the year). If your combined income is less than your combined limits, the combined IRA contributions are limited to 100% of your taxable compensation.

Can I transfer a Traditional IRA from another fund company to METRO Federal Credit Union?

You can transfer a Traditional or Roth IRA directly from one mutual fund company to another. To directly transfer an IRA from another company to METRO Federal Credit Union, please visit [Resource Center](#) and select “IRA Transfer Form.”

What is a rollover?

Examples of a rollover are moving assets from a Traditional IRA or an employer-sponsored retirement plan account, such as a 401(k) or 403(b) plan, into a Traditional IRA, or from a Roth IRA into another Roth IRA. You cannot roll over

money from a 401(k) or 403(b) plan into a Roth IRA, but you may convert your rollover IRA into a Roth IRA if you are eligible to do so. For more information, including rollover contribution time limits, see [IRS Publication 590](#).

We offer exceptional flexibility in meeting your investment needs. Once you have selected the type of IRA that's best for you, choose from our two investment options.

IRA Savings

- Offer competitive variable rate
- Dividends compounded and paid monthly
- No minimum investment amount
- Additional deposits permitted at any time, up to your maximum yearly contribution
- Payroll deduction deposits
- Available as Traditional and Roth IRA
- Savings federally insured up to \$250,000.

IRA Certificates

- Offer competitive fixed rates
- Dividends compounded and paid monthly
- \$1,000 minimum balance requirement for Traditional and Roth IRAs
- Savings federally insured up to \$250,000.



For more information or to open your IRA, please call our Member Services Department at (847) 670-0456 or visit us on the web at <http://www.mcu.org>

*Each person's financial situation is unique. All information and examples provided here are for general illustrative purposes only, and are addressed in general to a hypothetical reader, not to you specifically. Tax law is complex, and has many general rules, details, and exceptions, and state and local tax law varies from federal tax law. To learn about federal tax law and rules, details and exceptions concerning IRAs, you should read [IRS Publication 590](#) “Individual Retirement Arrangements (IRAs)” available at www.irs.gov or by calling the IRS at 1-800-TAX-FORM (1-800-582-6757). If you have questions and for tax advice, you should consult a financial or tax advisor before acting.