



## **TO ROTH OR NOT TO ROTH.....THAT IS THE QUESTION**

That favorite time of year.....or not is upon us: Tax Season.

For those receiving a tax refund, it could be their most favorite time of the year but for taxpayers who are expected to write a check.....OUCH, maybe not.

To lower your tax liability, taxpayers can contribute to their 401K or a Traditional IRA. Contributions to 401Ks and Traditional IRAs are deducted from your gross income. Deductions for a 401K occur when contributions are made to the plan through your Employer. IRAs are deducted on your tax return.

Although a ROTH IRA does not lower your current tax liability, the benefits of a ROTH IRA are appreciated later. Instead of taking a deduction on your tax return with a ROTH IRA, contributions to a ROTH IRA account are after tax contributions. What makes ROTH IRA plans attractive is the fact that all future withdrawals taken are tax free. This would include the growth in the account which could be significant. This feature of a ROTH IRA can make a dramatic difference in your retirement planning.

So with Traditional IRAs, taxes are avoided when you put your money in and with ROTH IRAs, taxes are avoided when you take the money out.

### **The limits for a ROTH for 2015:**

Married Filing Jointly	\$5500.00	income less than \$183,000
Married Filing Separately	\$5500.00	income less than \$116,000
Single	\$5500.00	income less than \$116,000

- At age 50 and on, contributions can be an additional \$1000. or \$6500.00

Contributions can be made to a ROTH IRA at any age as long as you have earned income from a job starting from a first job at age 16 and continuing to any age as long as the taxpayer is working a part or full time job. This is a big advantage in adding to your retirement funding.

Many more people are deciding not to retire whether it is for financial reasons or just the desire to be busy during retirement years. ROTH IRAs allow for continued contributions.

There are many financial vehicles available for IRAs whether it is a ROTH IRA or a Traditional IRA; bank CDs, Mutual Funds, Stocks, Bonds, etc.

Another investment vehicle is a Fixed Indexed Annuity where the funds can grow in a tax deferred account. Tax deferral is an advantage as not only are taxes deferred on initial deposit but also on the growth in the fund. Normally, gains are taxed if invested in other financial vehicles that do not have tax deferral.

Some FIA products also include a bonus on funds deposited as well. The bonuses are applied immediately upon deposit.

With the security of an Insurance company backed by State guarantees, FIAs are a viable financial product for retirement planning.

Fixed Indexed Annuities can be a versatile and flexible retirement solution either as a standalone product or part of your existing portfolio.

Retirement strategy starts with an inventory of your current standard of living and your idea of your lifestyle during retirement. While some people want to continue their current lifestyle, others may want to downsize. Then there are those people with the freedom they have in retirement who want to upgrade their lifestyle with travel, entertaining, hobbies, visiting grandchildren or even helping with grandchildren's education.

The World is your Oyster or it can be your Oyster with an analysis of your current financial situation and an in depth planning with your Qualified Financial Advisor.

Retirement does not have to be a complex issue. Goals **can be reached**. First, determine your financial needs then a plan can be designed and executed to help reach your financial goals and live the life you always dreamed about in retirement.

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