Which one is right for you?

Roth IRA versus Traditional IRA

Differences

Traditional	Tax deductibility depends on your Adjusted Gross Income [AGI] and work retirement plan.
Roth	All contributions are non-deductible.
Traditional	AGI limits for deductible contributions.
Roth	Higher AGI limits for contribution eligibility.
Traditional	Contributions may continue at any age.
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Traditional	Required minimum distributions begin at age 73.
Roth	No required distributions.
Roth	Favorable tax treatment for qualifying withdrawals after five-year holding period.
Roth	Tax-free distributions available at retirement.

Similarities

- ✔ Contribution Limits (see table inside).
- ✔ Tax-deferred growth.
- ✔ 10% penalty for non-qualifying purposes.
- ✔ Earned income required in order to contribute.
- ✔ Spousal IRA permitted for non-working spouse.
- ✔ Advantages for higher education expenses and first-time homeownership expenses.

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PFIA was founded in 1913 by twelve Indianapolis, Indiana Police Officers and Fire Fighters, following a series of incidents that took a heavy toll from among their numbers. The idea spread rapidly, and today PFIA serves Fire Fighters and Police Officers throughout the United States. It is the only organization in the world that exclusively insures members of the public safety services.

As a fraternal benefit society, elected officers and a Board of Directors govern PFIA. Account Representatives are from all ranks of the fire service and law enforcement, active or retired, who fully understand the special needs of their colleagues.

The Association works hard to offer the most up-to-date programs and plans, and is always ready to address the needs of its members.

Aerial photo by Derek Hammer, CameraBee, LLC

Your Account Representative:

The Roth IRA

Plan today for your family's future

POLICE AND FIREMEN'S INSURANCE ASSOCIATION
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"Each Other's Keeper"

Features of The Roth IRA

- ✔ Available to any individual with earned income (not exceeding the income limits).
- ✔ Spousal IRA may be established for a non-working spouse. Contribution eligibility is determined by joint AGI.
- ✔ Coverage by a retirement plan at work has no effect on contribution eligibility.
- ✔ Contribution limits (see table below). All contributions are nondeductible.
- ✔ Contributions can be made at any age as long as the IRA holder, or spouse, has earned income.
- ✔ No required distributions at age 73.
- ✔ Favorable tax treatment after five years for qualifying withdrawals.
- ✔ Contributions may be withdrawn tax and penalty-free at any time.*
- ✔ Traditional IRA may be converted to a Roth IRA.

Increased IRA Contribution Limits

Year	Less than age 50	Age 50+ (catch-up)	Total
2024	$7,000	$1,000	$8,000

A Different Type of IRA

An Individual Retirement Account is a tax-deferred savings vehicle, which if contributed to consistently, has the potential to grow substantially over time.

The Roth IRA is a nondeductible IRA created by the Taxpayer Relief Act of 1997 that gives great flexibility to investors in using their retirement assets for non-retirement purposes. With the Roth IRA you can invest your after-tax dollars today, watch them grow tax deferred and after five-years take tax-free distributions for a first time home purchase or to fund your retirement after age 59½. Your contributions may be withdrawn tax and penalty free at any time you choose, so the money you put into a Roth IRA will always be accessible. As a savings alternative to the Traditional IRA, the Roth IRA can be an effective way to build funds to help you meet many different financial goals. The sooner you begin saving, the greater the potential for your IRA assets to grow.

Contribution Eligibility

Individuals whose Adjusted Gross Income [AGI] is below $146,000 (single filers) or $230,000 (joint filers) can make full contributions (see table on back for limits) of 100% of earned income, whichever is less. Partial contributions are permitted when AGI is between $146,000 and $161,000 (single filers) or between $230,000 and $240,000 (joint filers).

If eligible, you may contribute to a Traditional IRA too; however, your aggregate annual contribution to all IRAs may not exceed limits listed in the table on the back or 100% of your earned income, whichever is less.

Taxation of Distributions

Your Roth IRA distributions are considered to come from contributions first and earnings last. Since contributions are nondeductible, your principal may be withdrawn tax and penalty free at any time. Special taxation provisions have been made for the withdrawal of earnings.
A distribution of earnings will be tax and penalty free if you have held the Roth IRA account for five years or more and the distribution is taken for one of the following reasons:

- ✔ you are over age 59½.
- ✔ to purchase a first home.
- ✔ due to disability.
- ✔ to distribute to beneficiaries upon the IRA holder's death.

If you have held the account for less than five years, a distribution of earnings will be subject to ordinary income tax if withdrawn for one of the above reasons.

Converting a Traditional IRA to a Roth IRA

A unique provision in the 1997 tax law allows the funds in a Traditional IRA to be transferred to a Roth Conversion IRA. Certain conditions apply. The decision to convert funds from a Traditional IRA to a Roth IRA depends greatly on your personal situation and how you want to use your retirement assets.

Annual Contribution

As a working person you may make non-deductible contributions to an IRA provided the amounts do not exceed the amounts shown in the table on the left, or 100% of compensation, if less.

A Spousal IRA may be established for a non-compensated spouse. The total nondeductible contribution to the annuities of the working person and the spouse may not exceed twice the per person amounts listed in the table.

IRA contributions for the previous year may be made up to the tax filing date (typically April 15) of the next year.

* Early withdraw penalties may occur with distributions exceeding 10 percent.