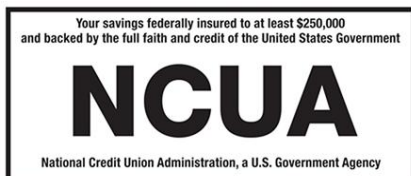


## Please Note

ITT Employees' Federal Credit Union is pleased to provide you with the information enclosed in this pamphlet. Please note that the information is not intended as advice, just information.

Your tax adviser can offer more guidance on which type of IRA may be best for your needs. We are always here to answer your questions and assist you with opening an IRA. Please stop by or call us today for more information on the benefits of a credit union IRA.



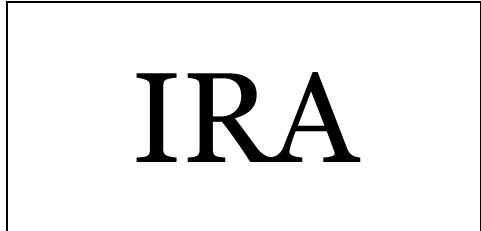
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**ITT** Employees' Federal  
Credit Union



Three little letters,  
A world of opportunity!

	Who can contribute?	How much can I contribute?	Who can make deductible contributions?	What are the tax advantages?	When can I withdraw without restrictions?
<b>Roth IRA</b>	<p>Anyone who has income from compensation (or who is filing jointly with a spouse who earns compensation) with the following MAGI:*</p> <ul style="list-style-type: none"> <li>- Up to \$105,000 (single filers)</li> <li>- Up to \$167,000 (joint filers)</li> </ul> <p>Reduced contributions allowed for higher incomes (up to \$120,000 for single filers and \$177,000 for joint filers)</p>	<p>49 &amp; below \$5000      50 &amp; up \$6000</p> <p>Cannot exceed compensation</p> <p>Reduces contributions that can be made to traditional IRAs</p>	<p>No one can deduct contributions</p>	<p>Regular contributions can be withdrawn tax- and penalty-free at any time.</p> <p>After the account has been open five tax years, earnings can be withdrawn tax- and penalty-free for any of these reasons: age 59 ½, disability, death, or a first time home purchase**</p>	<p>Earnings are tax-free if account is open for five tax years and withdrawn for a qualified reason (age 59 ½, disability, death, or a first-time home purchase**) </p> <p>Contributions can always be withdrawn tax free and penalty free.</p> <p>Not required to start withdrawals at age 70 ½</p>
<b>Traditional IRA</b>	<p>Anyone who has income from compensation (or who is filing jointly with a spouse who earns compensation)</p>	<p>49 &amp; below \$5000      50 &amp; up \$6000</p> <p>Cannot exceed compensation</p> <p>Reduces contributions that can be made to Roth IRAs</p>	<p>Fully-deductible contributions:</p> <ul style="list-style-type: none"> <li>• Single individuals not active in employer retirement plans (regardless of income)</li> <li>• Single individuals active in employer retirement plans with MAGI* of less than \$55,000</li> <li>• Married couples with neither spouse active in an employer retirement plan (regardless of income)</li> <li>• Married individuals active in employer retirement plans with joint tax returns showing MAGI* of less than \$89,000</li> <li>• Married individuals not active in employer retirement plans with spouses who are, as long as MAGI* is \$166,000 or less</li> </ul> <p>Individuals with incomes exceeding the above limits may be able to deduct an amount that is less than the maximum amount that can be contributed</p>	<p>Earnings grow tax deferred until withdrawn</p> <p>Contributions may be tax-deductible</p>	<p>Withdraw penalty-free for any of the following reasons:</p> <ul style="list-style-type: none"> <li>• Qualified higher-education expenses</li> <li>• First time home purchase**</li> <li>• Age 59 ½</li> <li>• Disability</li> <li>• Qualifying medical expenses exceeding 7.5% of adjusted gross income</li> <li>• Payment to beneficiaries upon the owner's death</li> <li>• Payment of health insurance premiums while unemployed for 12 weeks or longer</li> </ul>
<b>Coverdell ESA</b>	<p>Anyone who has MAGI*</p> <p>Single filer: up to \$95,000 Joint income filers: up to \$190,000</p> <p>Some people with higher MAGI may be able to make smaller contributions</p> <p>Contributions not allowed after the beneficiary reaches age 18 (except for special needs beneficiaries)</p>	<p>\$2,000 per child</p> <p>Limit applies to all Coverdell Education Savings Accounts for the same child</p>	<p>No one can deduct contributions</p>	<p>Withdrawals for certain qualified expenses are tax-free</p> <p>Special-needs beneficiaries can withdraw funds tax-free to pay for qualified education expenses at any age</p> <p>Qualified education expenses may include tuition, fees, books, computer equipment and technology required for elementary, secondary and post-secondary education</p> <p>A beneficiary may receive tax-free distributions from a Coverdell Education Savings Account in the same year he or she claims the Lifetime Learning or HOPE Scholarship tax credits</p>	<p>Withdrawals are tax- and penalty free only for qualified education expenses (earnings are subject to tax and penalty for most other withdrawals)</p> <p>Funds can be transferred from one child's account to an account for another child in the family</p> <p>* <i>MAGI – modified adjusted gross income from the federal tax form</i></p> <p>** <i>Lifetime limit for exemption on first-time home purchase is \$10,000</i></p>