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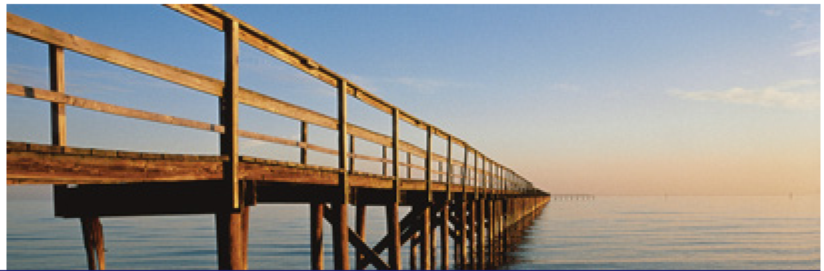

THE WHITE PAPER

Your Guide to Life Planning

September 2015

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Brush Up on Your IRA Facts

If you are opening an IRA for the first time or need a refresher course on the specifics of IRA ownership, here are some facts for your consideration.

IRAs in America

IRAs continue to play an increasingly prominent role in the retirement saving strategies of Americans. According to the Investment Company Institute (ICI), the U.S. retirement market had $24.7 trillion in assets at the end of 2014, with $7.3 trillion of that sum attributable to IRAs.[1] Today, some 41 million -- or 34% -- of U.S. households report owning IRAs.[2]

Traditional IRAs, the most common variety, are held by about 25% of U.S. households, followed by Roth IRAs, which are held by 15.6% of households, and employer-sponsored IRAs (including SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs), which are held by 6% of households.[2]

Contributions and Deductibility

Contribution limits. In general, the most you can contribute to an IRA for 2015 is $5,500. If you are age 50 or older, you can make an additional "catch-up" contribution of $1,000, which brings the maximum annual contribution to $6,500.

Eligibility. One potential area of confusion around IRAs concerns an individual's eligibility to make contributions. In general, Internal Revenue Service guidelines state that you must have taxable compensation to contribute to an IRA. This includes income from wages and salaries and net self-employment income. If you are married and file a joint tax return, only one spouse needs to have compensation in most cases.

With regard to Roth IRAs, income may affect your ability to contribute. For tax year 2015, individuals with an adjusted gross income (AGI) of $116,000 or less may make a full contribution to a Roth IRA. Married couples filing jointly with an AGI of $183,000 or less may also contribute fully, up to $11,000 for the year. Contribution limits begin to decline, or "phase out," for individuals with AGIs between $116,000 and $131,000 and for married couples with AGIs between $183,000 and $193,000. If your income exceeds these upper thresholds, you may not contribute to a Roth IRA.[3]

Deductibility. Whether you can deduct your traditional IRA contribution depends on your income level, marital status, and coverage by an employer-sponsored retirement plan. For instance:[3]

- If you are single and covered by an employer-sponsored retirement plan, your traditional IRA contribution for 2015 will be fully deductible if your AGI was $61,000 or less. The amount you can deduct begins to decline if your AGI was between $61,000 and $71,000. Your IRA contribution is not deductible if your income is equal to or more than $71,000.

- If you are married, filing jointly, and you both are covered by an employer-sponsored retirement plan, your 2015 IRA contribution will be fully deductible if your combined AGI is $98,000 or less. The amount you can deduct begins to phase out if your combined AGI is between $98,000 and $118,000. Neither of you can claim an IRA deduction if your combined income is equal to or more than $118,000.

- If you are married, filing jointly, and your spouse is covered by an employer-sponsored plan (but you are not), you may qualify for a full IRA deduction if your combined AGI is $183,000 or less. The amount you can deduct begins to phase out for combined incomes of between $183,000 and $193,000. Your deduction is eliminated if your AGI on a joint return is $193,000 or more.

- If neither you nor your spouse is covered by an employer-sponsored retirement plan, your contribution is generally fully deductible up to the annual contribution limit or 100% of your compensation, whichever is less.

Keep in mind that contributions to a Roth IRA are *not* tax deductible under any circumstances.

Distributions

You can begin withdrawing money from a traditional IRA without penalty at age 59½. Generally, deductible contributions and earnings are taxable at the then-current rate. Nondeductible contributions are not taxable because those amounts have already been taxed.

You must begin receiving minimum annual distributions from your traditional IRA no later than April 1 of the year following the year you reach age 70½ and then annually thereafter.If your distributions in any year after you reach 70½ are less than the required minimum, you will be subject to an additional federal tax equal to 50% of the difference.

Unlike traditional IRAs, Roth IRAs do not require the account holder to take distributions during his or her lifetime. This feature can prove very attractive to those individuals who would like to use the Roth IRA as an estate planning tool.

What's New for 2015?

Application of one-rollover-per-year limitation. Beginning in 2015, you can make only one rollover from an IRA to another (or the same) IRA in any 12-month period regardless of the number of IRAs you own. However, you can continue to make unlimited trustee-to-trustee transfers between IRAs because these transfers are not considered to be rollovers. Furthermore, you can also make as many rollovers from a traditional IRA to a Roth IRA (also known as "conversions"). To learn more, see Publication 590-A.[4]

This communication is not intended as investment and/or tax advice and should not be treated as such. Each individual's situation is different. You should contact your financial professional to discuss your personal situation.

[1]*The Wall Street Journal, "Battle Continues Over Fiduciary Rule for Retirement Investments," June 14, 2015.*

[2]Investment Company Institute, "The Role of IRAs in U.S. Households' Saving for Retirement, 2014," January 2015.

[3]Internal Revenue Service, "Retirement Topics-IRA Contribution Limits," January 22, 2015.

[4]Internal Revenue Service, "IRS Publication 590-B, Distributions From Individual Retirement Arrangements (IRAs).

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