

The logo consists of the letters 'SP' in a bold, black, sans-serif font, enclosed within a green square border.

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FINANCIAL

IRA Cheat Sheet

An Individual Retirement Account (IRA) is a specialized savings account with tax benefits designed for retirement investments. It offers unique advantages such as either a tax deduction at present with deferred tax growth or tax-free growth and withdrawals during retirement.

It is important to note that an IRA is not an investment itself, but rather a designated account that holds your investments and determines how they are taxed by the government. Think of an IRA as a protective sweater for your investments, shielding them from the cold and harsh taxes imposed by Uncle Sam.

| Type of IRA | Notable Features | 2023 Yearly Contribution Limits |
|-----------------|---|--|
| Traditional IRA | <ul style="list-style-type: none">• Tax deductible contributions• No minimum annual income limits• Required minimum distributions after 72• Must pay taxes non withdrawals in retirement | \$6500 Catch Up (Age 50+) \$7500 |
| Roth IRA | <ul style="list-style-type: none">• No taxes deductions on contributions• Annual income limit determines how much you can contribute• Tax free growth and withdrawals in retirement<ul style="list-style-type: none">◦ After age 59 1/2 and owned Roth for at least 5 years | \$6500 Catch Up (Age 50+) \$7500 |
| Rollover IRA | <ul style="list-style-type: none">• Allows individuals to move retirement plans from an old employer-sponsored plan to an IRA• Traditional and Roth options available• Rolling over funds from an traditional 401(k) to a Roth IRA is considered a taxable event | There are no limits on the amount that can be rolled over from the 401(k) to the IRA |
| Simple IRA | <ul style="list-style-type: none">• Available for any small business• Allows employees and employers to contribute to traditional IRAs set up for the employee | \$15,500 Catch up (Age 50+) \$19,00 |
| SEP IRA | <ul style="list-style-type: none">• Tax-deferred retirement savings plan for employers and employees• Only the employer contributes, must be equal for all employees• No Roth option | Max 25% of Net Earnings up to \$66,000 |