Roth IRA:

Meet the Retirement Savings Account with Flex Appeal

The Roth Individual Retirement Account (IRA) gives people of all ages the opportunity to build their retirement savings in a flexible account. It's more than a retirement savings account; if you've owned it for at least five years, the money can be used for major purchases, such as college or a first home. It's designed to help you save for both retirement and your financial goals.

Americans with an annual salary of $50,000 the year before retirement would need to have at least $750,000 in savings to retire and maintain their standard of living.

Source: PBS Frontline, May 16, 2006

The Benefits of the Roth IRA

Flexibility is the biggest advantage of the Roth IRA. It's designed to encourage those with lower incomes to set aside money for retirement and big purchases. Other perks include:

- **It's tax free.** Earnings grow tax free. Additionally, withdrawals of contributions are tax free.
- **It benefits those in lower tax brackets.** Although the Roth IRA targets young people who are just starting their careers, it also allows others who earn below the income threshold the opportunity to augment existing retirement savings accounts.
- **You can contribute money into the Roth IRA until age 70½.**
- **You have more control of your investments.** Invest your money wherever you wish, including bonds, money markets, mutual funds, individual investments or stocks.
- **If you have a non-working spouse, you can open a Roth IRA on their behalf.**

More than 25% of Baby Boomers have no retirement savings.

Source: Harris Poll, February 2, 2011

2011 Revised Income Limits and Contributions

Filing Status	Single	Couple
Income Limit	$107,000 – 122,000	$169,000 – 179,000
Maximum Contribution*	$5,000 (under age 50) $6,000 (over age 50)	$5,000 (under age 50) $6,000 (over age 50)

*The maximum contribution decreases as you reach the income limit.

Source: Internal Revenue Service

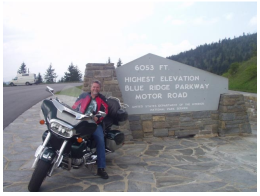
Rules and Limitations

The Roth IRA offers more flexibility than the standard IRA; however, it does have a few rules:

- You can't deposit more than you make in a year.
- You can only deposit income earned from your job, not money from other sources, such as gifts, inheritances or additional savings accounts.
- Once you reach the income ceiling, you can no longer contribute money to a Roth IRA. Sit back and watch it accrue interest until you retire!
- Only withdrawals of contributions are tax free. The rules for withdrawing earnings are similar to a traditional IRA—you'll have to wait until age 59½ or else deal with a tax bill and a 10% penalty.

24% of Americans have postponed the age at which they plan to retire because they haven't saved enough money.

Source: CNN Money, March 9, 2010



KELLER WILLIAMS REALTY
ATLANTA PARTNERS

Keller Williams Realty
4878 Manhattan Dr
Buford, GA 30518

Jerry Robertson

678-231-1578 - Cell
678-935-1342 - FAX

jerry@RealtyCaffeine.com
www.RealtyCaffeine.com

Save for Major Purchases with a Roth IRA

Unlike other retirement savings options, people can withdraw contributions and interest from their Roth IRA before the age of 59½ without penalty or tax. Many choose to use some of the money for expenses associated with college and buying a first home.

Saving for a Home

Many people dip into their 401(k) or traditional IRA for a down payment on their first home. However, doing so forces them to pay taxes and penalties for withdrawing the funds before they reach age 59½. With a Roth IRA, individuals can withdraw contributions and earnings up to $10,000 (couples can withdraw up to $20,000) tax and penalty free, as long as the account has been open for 5 years.

A major perk of the Roth IRA is that the owner of the account doesn't have to be the first-time homebuyer; you can give the money to a spouse, child or grandchild. However, it must be the buyer's primary residence.

Using a Roth IRA for College Expenses

Tuition and fees at public 4-year colleges and universities have increased 5.6% per year beyond the rate of inflation.

Source: The College Board, Trends in College Pricing 2010

A Roth IRA allows parents to put money aside while the children are growing up, where it accrues interest tax free. Although any withdrawal of earnings will be taxed, the 10% early withdrawal penalty is waived.

If a child chooses not to go to college, the money can remain in the Roth IRA, which is a clear advantage over dedicated college savings plans that would require parents to close the account and transfer the money.

Be sure to speak with your financial advisor about all of your savings and retirement options.

Things to Think About Before Raiding Your Roth IRA:

Although a Roth IRA can provide the funds necessary to pay for college expenses or a first home, using it should be a last resort.

- **Your child will not be eligible for as much financial aid.** Using retirement funds can increase the expected family contribution (EFC) during the child's second and subsequent years of college, reducing the amount of aid the child qualifies for.
- **You could be faced with tax penalties.** If the account hasn't been open 5 years and you take out money for a down payment on a new home, you'll be taxed on the withdrawal. However, you won't have to pay a 10% early withdrawal penalty.