

# Individual Retirement Accounts (IRA)

## Other Important IRA Information:

### Spousal IRAs

If your spouse is not employed or only works part-time he or she will probably not qualify for the maximum benefit from Social Security. A spousal IRA allows the spouse with little or no earned income to qualify for an IRA contribution, as long as the working spouse earns enough income to fund the spousal IRA. To fund a spousal IRA, you and your spouse must file a joint tax return for the year you contribute.

### IRA Beneficiaries

Beneficiary designations on your IRAs generally supersede even instructions in your will. Ensuring you have your IRA beneficiaries up to date is imperative for good estate planning. To be safe, you should designate both a primary and secondary beneficiary on your account.

### Consolidate Your IRAs with First Service

Take the hassle out of your life and consolidate all your IRAs with First Service. Having your accounts in one place makes it easier for you to manage your contributions. Plus, if you have already reached age 70½, IRA consolidation offers the additional benefit of making fewer mandatory distribution calculations.

- Receive one IRA Statement
- Streamline your record keeping
- Easily manage your accounts and retirement goals

If you have any questions on IRAs and what is right for you, please contact a First Service IRA expert and let us help. Remember, we put you and your retirement needs FIRST!

### Bellaire

4300 Bissonnet  
Bellaire, TX 77401

### CenterPoint Plaza

1111 Louisiana, Ste. 520  
Houston, TX 77002

### Champion Forest

8707 Spring Cypress, Suite A  
Spring, TX 77379

### Cypress

7025 Fry Road  
Cypress, TX 77433

### Gulf Freeway

8980 Clearwood  
Houston, TX 77075

### North

1920 Rankin Rd, Ste. 145  
Houston, TX 77073

### Northwest/Administrative Office

9621 W. Sam Houston Parkway N.  
Houston, TX 77064

### The Woodlands

Hughes Christensen  
9110 Grogan's Mill Rd.  
The Woodlands, TX 77380

### Reliant Plaza – Restricted Access

1000 Main Street, 22nd Floor  
Houston, TX 77002

### South Texas Plant (STP) – Restricted Access

PO Box 289  
Wadsworth, TX 77483



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...Service Always Matters



## Save with your Individual Retirement Account Today for a Better Tomorrow

An Individual Retirement Account (IRA) is designed to fit your future. By saving today, you can begin the process of funding your retirement for tomorrow. First Service offers three different IRA Accounts – to find out which one suits you, read on!

### Traditional vs. Roth – Which is right for YOU? Traditional IRA

- Contributions may be fully deductible if you do not participate in another qualified retirement plan
- Anyone under the age of 70½ with earned income is eligible and can contribute
- Earnings are tax-deferred
- You are required to take distributions in the year you reach age 70½
- Contributions may not be made for or after the year in which you reach age 70½
- Earnings and deductible contributions are subject to tax on withdrawals
- 10% early penalty for withdrawing all or any part of the account before age 59½ unless the individual is deceased, disabled, using the money for college expenses or for first-time home buyers up to \$10,000, and certain medical expenses
- Workers 50 or older before the end of the taxable year can make up for lost time with additional IRA contributions over and above the maximum limits (these limits change annually)



### Roth IRA

- Contributions are not tax-deductible and must be made with after tax dollars
- There are no age restrictions; however there are income requirements and limits
- Earnings may be tax-free
- There are no required distributions
- There is no age limit for contributions
- All regular contributions are available any time for tax-free withdrawal. Withdrawals on earnings are tax-free if the account has been open for at least five years and meets qualified distributions
- Penalty free withdrawal of your contributions is permitted anytime. If under 59½ and a distribution of interest is taken the interest will be taxable and may also receive a 10% IRS penalty unless the individual is deceased, disabled, using the money for college expenses or first time home buyers taking out up to \$10,000 and certain medical expenses
- Workers 50 or older before the end of the taxable year can make up for lost time with additional IRA contributions over and above the maximum limits (these limits change annually)

### Coverdell Education Savings Account (ESA)

First Service also offers the Coverdell Education Savings Account (ESA). The funds in an ESA can be used to pay for qualified education expenses for the cost of kindergarten through 12th grade, college or even trade school.

- \$2,000 annual limit per beneficiary
- Contributions are non-deductible
- All distributions of earnings are tax-free and can be withdrawn at anytime if used for qualified educational expenses
- Virtually anyone can contribute to the account
- No contributions are allowed after the account beneficiary turns 18 (unless a special needs child)
- Any distribution of earnings not used for qualified educational expenses are subject to taxes and a 10% penalty
- You can have both traditional and Roth IRAs in addition to your ESA
- Funds must be disbursed or rolled over by the beneficiary's 30th birthday



### Insurance Protection

Your First Service IRA is separately insured from your other accounts for up to \$250,000 by NCUA Insurance, and under certain circumstances and IRA ownership styles, First Service can increase the level of insurance above and beyond the NCUA limit. Call a First Service IRA specialist for more details.