10 things you should know about IRAs

Retirement is the single most important financial goal for many Americans. One easy way to help keep your retirement investments on track is with an IRA. Your contributions may be tax-deductible—and any growth is tax-deferred or tax free, depending on the IRA you choose and your ability to meet eligibility requirements.

1. Contribution limits

Year	Regular IRA contribution	Catch-up IRA contribution–age 50+	Total IRA contribution–age 50+
2008+2009	$5,000	$1,000	$6,000

2. Key dates January 1, 2009 is the earliest date to make your 2009 IRA contribution. The earlier you contribute to an IRA, the more tax-deferred growth potential you may enjoy.

3. Watch out for fees Fees can have a dramatic impact on your investment returns over time. And some mutual funds charge substantially higher fees than others. Shop around to ensure that you get low-cost funds.

4. Consolidate–and save It's harder to manage IRA accounts at multiple financial institutions. And chances are, you're paying fees for each account. You can simplify your recordkeeping and possibly save by consolidating your IRAs. You can also rollover 401(k)s with former employers.

5. Maximize your contributions Take advantage of spousal and catch-up IRA contributions. A spouse with no earned income may be eligible to contribute up to $5000 to an IRA. If you are 50+, you can contribute an additional $1000 to an IRA, even if you contribute to your workplace savings plan.

6. Supplement your workplace retirement investments with an IRA Even if you save for retirement through your employer's plan, it's a smart idea to supplement these investments with an IRA. One common strategy is to max out your 401k contribution, if available; then direct additional investments to an IRA.

7. Get an early start You have until April 15, 2010 to make your 2009 IRA contribution, but the sooner you contribute the greater your potential earnings — because time is on your side.

8. Pay attention to diversification[1] Do you have exposure to more than one segment of the market in your IRA? Based on your risk tolerance you may want to spread your money across three major asset classes, (U.S. Stock, International Stock & Bond) to help manage your risk exposure.

9. Make investing automatic Have IRA contributions withdrawn from your bank account, investment account or paycheck on a monthly basis to help increase the value of your IRA and make contributions more affordable. When investing is automatic, you won't forget to invest.[2]

10. Plan ahead for required minimum distributions
After 70½, you are required to withdraw a minimum amount from your Traditional IRAs, following an IRS formula. There are no required minimum distributions from a Roth IRA for the shareholder. And you can still contribute to a Roth IRA after age 70.

AARP Financial is here to help Our knowledgeable Financial Advisors are specially trained to understand the unique needs of investors over age 50. Call us today at **1-800-958-6457** to discuss your situation and which IRA may be right for you.[3]

(Over please)

Two ways to IRA

A **Traditional IRA** is a tax-deferred retirement account that permits you to set aside up to $5000 a year with catch-up contributions of $1000 a year after age 50. Any earnings on your account can grow tax-deferred until you withdraw money after age 59½. Early withdrawals may be subject to a 10% penalty.

Contributions to a **Roth IRA** are not tax deductible. Withdrawals are tax and penalty free, if the account is held for five years and distributions are made after age 59½ or for: up to $10,000 for first-time home purchases; medical expenses that exceed 7.5% of adjusted gross income; & death or disability of account holder. To qualify for a Roth IRA, your adjusted gross income must be less than $169,000 for 2008 (if you're married filing jointly) or $116,000 for 2008 (if you're single) and $176,000 for 2009 (if married filing jointly) or $120,000 for 2009 (if you're single).

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[1] *Diversification reduces risk but does not eliminate it.*

[2] *An Automatic Investment Plan does not assure a profit and does not protect against a loss in a declining market.*

[3] *AARP Financial Inc. does not provide tax advice. Please consult a tax advisor for information pertaining to your particular situation.*

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