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"The stock market is designed to transfer money from the active to the patient."

-Warren Buffett

"Stay the course. Changing your strategy at the wrong time can be the single most devastating mistake you can make as an investor."

-John Bogle

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THE JKA REPORT

AN INVESTMENT NEWSLETTER FOR CLIENTS & PROSPECTS

Making the most of a Roth IRA

Retirement & Longevity

Consider the benefits and limits associated with making post-tax contributions to an IRA.

Thinking about opening or contributing to a Roth IRA? Learn more about the benefits of this type of retirement account and your possible eligibility to contribute.

Consider the positives

The key benefits of Roth IRAs include:

All distributions from the account can be tax free. Although contributions to a Roth IRA are not tax deductible, earnings grow free of taxes.

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When you reach age 59 1/2, if the Roth IRA has been in place for at least five years, any withdrawal from the contributions and earnings is tax free. Avoiding a tax bite at the time of withdrawal in retirement can be attractive - particularly for investors who anticipate having a higher marginal income tax rate at the time of withdrawal than they do at the time of contribution.

No required minimum distributions. While distributions from a traditional IRA must begin upon reaching a certain age, there are no similar requirements for a Roth IRA.

No age limit on contributions. You can continue contributing to your IRA - Roth or traditional - as long as you have earned income.

Withdrawals may be made without penalty for a first-time home purchase. As with a traditional IRA, you can withdraw funds from your Roth IRA (up to a lifetime maximum of $10,000) to make a down payment on a first-time home purchase. A first-time homebuyer is defined as someone who has not owned a home for two years prior to the purchase of the new home.

Roth IRA	Traditional IRA
•Contribute after-tax dollars	•Contribute pre-tax dollars
•Withdrawals in retirement are tax-free	•Withdrawals in retirement are taxable
•No required minimum distributions	•Required minimum distributions at certain age
•Income limits apply	•No income limits

Learn your Roth limits

In 2025, an individual may contribute up to $7,000 to their IRAs - $8,000 if they are 50 years of age or older. Keep in mind that modified adjusted growth income (MAGI) phase-out limits apply.

Single filer or head of household: The full Roth contribution limit is available to individuals filing as single or head of household with a MAGI of less than $150,000. The amount is phased out for MAGIs between $150,000 and $165,000.

Married filing jointly: The full Roth contribution limit is available to married individuals filing joint returns with MAGIs of less than $236,000. The amount is phased out for MAGIs between $236,000 and $246,000.

Married filing separately: If you have not lived with your spouse at any point during the year and file separately, MAGI limits mirror those for single filers and heads of household. If you lived with your spouse at any time during the year and file separately, no Roth contribution is allowed unless MAGI is less than $10,000.

Your financial advisor can answer any questions you may have about the features and benefits of IRAs and help determine which type may be appropriate for addressing your retirement needs.

> "Do not save what is left after spending: instead spend what is left after saving."
>
> -Warren Buffett

> **"A ship in a harbor is safe, but it's not what ships are built for."**
>
> **-John A. Shedd**