

A Note From The President:

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Roth IRA's A Roth IRA is similar to a traditional IRA, but there are a few things you should know before investing in a Roth IRA. Keep reading!

Income Limits & Contributions: There are income limits for contributing to a Roth that could potentially make you ineligible to participate.

Married Filing Joint—2015 AGI limit of \$183,000. This filing status can contribute up to \$5,500 (\$6,500 for those over age 65) per spouse. For couples who make between \$183,001 and \$193,000 the amount you can contribute begins to phase out by how much you are over the AGI limit. Those who make over \$193,000 do not qualify to contribute to a Roth IRA at all.

Married Filing Separate—2015 AGI limits for MFS individuals are a lot less forgiving. Starting at \$1 to \$9,999 the contribution limit starts to phase out. Anything over \$10,000 of income makes the individual ineligible to contribute.

Single—2015 AGI limit of \$116,000. This filing status can contribute up to \$5,500 (\$6,500 for those over age 65.) The contribution phase out begins at \$116,001 to \$131,000. Individuals who make \$131,000 or more, do not qualify to contribute.

The one caveat is if you make less than the maximum contribution of \$5,500 that is all you can contribute. For instance, if you only made \$3,000, that is all that can be contributed to a Roth IRA. A non-working spouse (stay at home mom) can contribute the maximum if the working spouse makes enough to contribute to both accounts and their income doesn't go over the AGI limits.

Pros & Cons:

Pros: *If you can determine whether or not you will be in a higher tax bracket when you retire, then having a Roth IRA could be beneficial for you. *It does not require you to make withdrawals once you turn 70 ½. *Individuals can continue to contribute to a Roth IRAs while using it after age 70 ½, as long as the income is within the AGI limits.

Cons: There is no tax deduction like there is for a Traditional IRA.

Withdrawing from a ROTH IRA:

Age 59 ½ and under: You can withdraw any contribution you made to your Roth IRA anytime, tax and penalty free.

Age 59 ½ and over and had the Roth IRA for 5+ years: You can withdraw any of your contributions along with any earnings tax and penalty free.

Exceptions: There are only a few exceptions to this age requirement when withdrawing from earnings. If the money is used to buy or build a first home (up to \$10,000), withdrawal because of a disability or a distribution to your beneficiaries, these also qualify as free from income tax or penalty. You may also make a withdrawal to pay for qualifying higher education expenses to a qualifying individual and have that free from penalty but not free from income tax.

Determining what kind of retirement account to contribute to can be very confusing. If you are unsure, it is wise to discuss your options with your financial planner and tax preparer.



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Save Your Receipts for School Supplies

School time is just around the corner. Have you been buying notebooks, binders, pens, pencils, calculators, etc. for your kids? Be sure to keep your receipts. You may be able to deduct those as part of the K-12 Education Credit. Unfortunately, some items, including backpacks, are not deductible. Also, for your college age students, keep your receipts for any required textbooks or supplies, as they may qualify for the Education credit. Check with your tax preparer if you have additional questions about what you can deduct.



TAX SCHOOL is coming up on November 18th & 19th. If you are interested in working for one of our offices seasonally or you just want to know more about general tax preparation, please call Kelli at Tri-State for more information.

HIRING:

Seasonal Tax Preparers & Seasonal Receptionists

Resumes can be emailed to tristate@tristatetaxandaccounting.com or dropped off at the office.

Tax Planning

Believe it or not, it is already time to start thinking about tax planning!

Call your tax preparer at 507-373-2185 to schedule a tax planning appointment.