



Payroll Roth IRA

For Flexible, Tax-Free Savings

MissionSquare
RETIREMENT

Why a Roth IRA?

A Roth IRA is a savings vehicle that can complement your employer retirement plans by allowing for tax-free earnings¹ and, if needed,

flexible withdrawals. MissionSquare's Payroll Roth IRA allows you to make convenient contributions directly from your paycheck.

Boost Your Savings

What are your savings goals? A Roth IRA can help you:



Earn additional retirement income



Set aside money in retirement for travel, gifts, or medical care



Make a down payment on a home²



Pay for a child's college education



Build an emergency fund

Diversify Your Taxes with Tax-Free Earnings

A Roth IRA can help you manage your tax bill because withdrawals, including all earnings, may be **tax-free**. This can help offset withdrawals of other taxable employer plan and IRA assets. It may also help minimize taxation of Social Security benefits or surcharges on Medicare premiums. You should consult a tax advisor for more information on the tax-free benefits of a Roth IRA. MissionSquare Retirement does not provide specific tax or legal advice.

Control and Flexibility

The longer your Roth IRA is invested, the larger the potential tax-free growth, and you retain full access to your assets. Contributions can be withdrawn without taxes or penalties. Match a Roth IRA with Your 457 Plan

Saving to a Roth IRA and your 457 plan may make sense because they complement each other.

Visit www.missionsq.org/contributionlimits to view current year annual maximum contribution amounts.

¹ MissionSquare Retirement does not provide specific tax or legal advice.

² For qualified first-time home purchase. Qualifications and limitations may apply. See IRS Pub 590B for more information, or consult a tax advisor.

Why a Payroll Roth IRA?

Simple and Convenient

A MissionSquare Retirement Payroll Roth IRA makes saving simple and convenient through automatic paycheck contributions that you can change at any time.

There are no maintenance fees,³ you can contribute as little as \$10 per pay period, and you can view your account alongside your other MissionSquare accounts on your quarterly statement and our website (www.missionsq.org).

Small Saving + Tax-Free Compounding

Contributing \$25 biweekly to start, and increasing that by just \$5 per year can really add up due to compounding earnings. And those earnings can be tax-free.

Your account could be worth: **\$166,272**



For illustrative purposes only. Assumes effective annual rate of 6%, compounded biweekly and \$25 biweekly contributions the first year, with a \$5 yearly increase thereafter (\$30 biweekly the second year, \$35 the third year, etc.).

To help you choose and manage your investments visit:



www.missionsq.org/irainvest



www.missionsq.org/guidedpathways

³ There are ongoing fees associated with the investments in the account and fees for optional services may also apply.

Understanding Roth IRA Contributions



Saver's Credit:

You can make current tax-year contributions until the next year's tax-filing deadline.⁴



Spousal IRA:

You may be eligible for a tax credit of as much as \$2,000 (\$4,000 if married filing jointly) if you qualify based on your income.

Visit www.missionsq.org/saverscredit to learn more.

You have to be eligible to contribute to a Roth IRA based on your modified adjusted gross income, which is generally all of your income subject to taxes, certain deductions, and your filing status.

There are also IRS limits on how much you can contribute to a Roth IRA.

You can make current tax-year contributions until the next year's tax-filing deadline.⁴

⁴ Current year paycheck contributions can only be made through the final pay period of the year, but prior year contributions (or additional current year contributions) may be made by sending separate payments. MissionSquare Retirement does not provide specific tax or legal advice.

Understanding Roth IRA Conversions

You may transfer – or convert – assets from a traditional IRA or, if eligible, employer plan, to a Roth IRA. The assets converted are subject to tax but future earnings may be tax-free. Visit www.missionsq.org/rothconversion to learn more. In addition to taxes, you should consider the services, investments, and costs associated with both accounts.



Understanding Withdrawals



Roth IRA Withdrawals

Roth IRA withdrawals can be made at any time, and your contributions can always be withdrawn without taxes.

Withdrawals, including earnings, are **100% tax-free** if you have held a Roth IRA account for at least five years, as defined by the IRS, **and any of the following apply:**

- You are at least age 59½.
- You have a qualifying “first-time” home purchase (limited to \$10,000 in traditional IRA assets and/or Roth IRA earnings over your lifetime).
- You have a qualifying disability.
- Your beneficiaries or heirs receive the assets after your death.

Otherwise:

- The first assets withdrawn are your contributions, which are never subject to taxes or penalties.
- The next assets withdrawn are converted assets, which may be subject to a 10% penalty tax if withdrawn within five years of the conversion and you are under the age of 59½, unless you qualify for an exception.
- The last assets withdrawn are earnings, which may be subject to ordinary income taxes and, if you are under the age of 59½, the 10% penalty tax, unless you qualify for an exception.



Penalty-Free Withdrawals

Withdrawals subject to ordinary income taxes can avoid the IRS 10% penalty tax if you qualify for an exception, including payment of qualifying:

- Higher education expenses, including tuition, fees and books, for you, your spouse, children and grandchildren
- Major medical expenses
- Health insurance premiums while unemployed

Additional exceptions may apply. See IRS Publication 590 for a complete list (www.irs.gov).



Required Minimum Distributions Do Not Apply

Unlike traditional IRAs and employer retirement plans, Roth IRAs are not subject to required minimum distributions (RMDs), allowing you to increase potential tax-free growth in your later retirement years and/or for your loved ones after you die.

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Founded in 1972, **MissionSquare Retirement** has helped more than 3 million people in public service retire with confidence. MissionSquare is a mission-based, nonstock, nonprofit, financial services company that focuses on delivering results-oriented retirement plans, education, investments, and advice for over 1.8 million public participant accounts.* For more information, visit www.missionsq.org.

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*As of June 30, 2023