



# Individual Retirement Accounts

Traditional and Roth IRAs

## Traditional IRA

- **What is a Traditional IRA?**

A Traditional IRA is an Individual Retirement Arrangement, or more commonly known as an Individual Retirement Account, which allows pre-tax dollars along with any interest, capital gains, or dividend income to grow tax deferred until withdrawal. With an Entrust Self-Directed Traditional IRA, an individual may have the ability to direct their funds towards a wide variety of investments.

- **Traditional IRA Eligibility Requirements**

An individual can open and make contributions to an IRA if the following requirement is met:

- ◆ Earned income has been received during the year
- ◆ 72 years of age has not been reached by the end of the year

If an individual has compensation during the year and has not reached 72 years of age, they may contribute for that year. For couples who are married and file a joint tax return, they both qualify to establish a separate IRA and contribute. Joint return filers may use their combined income for contribution purposes.

- **Traditional IRA Contributions for 2021**

If an individual has not reached 50 years of age by the end of the tax year, the maximum contribution that can be made in 2021 is the lesser of \$6,000 or the amount of their earned income (unchanged from 2020).

If an individual has reached 50 years of age or older by the end of the year, the maximum contribution that can be made in 2021 (like 2020) is the lesser of \$7,000 or the amount of their earned income. Due to The Economic Growth and Tax Relief Reconciliation Act of 2001, a \$1,000 catch-up provision was provided in an effort to allow additional retirement savings for individuals who have will attain age 50 or older during the tax year. Any contributions made to the Roth IRA for the same year will reduce the maximum Traditional IRA contribution.

## Consider an Entrust Self-Directed Traditional IRA if:

- ◆ You want tax-deferred earnings
- ◆ You want to use your contribution as a tax deduction
- ◆ Your income exceeds the income limits for contributing to a Roth IRA
- ◆ Your current Traditional IRA restricts your investment options
- ◆ You have funds in an old employer plan, such as a 401(k), that you want to rollover to invest in alternative assets

## Roth IRA

- **What is a Roth IRA?**

A Roth IRA is an individual retirement account where you cannot use the contribution as a tax deduction which means taxes are paid on the initial contribution(s). Similar to Traditional IRAs, earnings on investments also grow tax-deferred. The main difference is that earnings may be withdrawn later, tax-free, as long as certain requirements are met. Since contributions have already been taxed, contributions can be withdrawn at anytime.

- **What are the eligibility requirements?**

An individual can make contributions to a Roth IRA if they have earned income for the year, and their modified adjusted gross income (MAGI) does not exceed the specified limits.

If filing a joint tax return, the couple can use their combined income to make a contribution.

- **Contribute to a Roth for a Tax-Free Future**

Contributions to a Roth IRA are not tax deductible, but the gains accumulate tax deferred and may eventually be distributed tax free. If the individual is under 50 years old, the maximum allowable contribution for 2021 is \$6,000 (unchanged from 2020). If the individual reaches age 50 or older during the tax year, the maximum contribution is \$7,000, which includes a \$1,000 catch-up provision for additional retirement savings. Any contributions made to a Traditional IRA in for the same year will reduce the maximum Roth IRA contribution.

If your current Roth IRA does not allow self-direction, you can easily transfer funds to an Entrust Self-Directed Roth IRA. You can also convert a Traditional IRA, 401(k), 403(b) or governmental 457(b) plan with a former employer into a Roth. Although a conversion is a taxable event, it allows you to fund your Roth IRA with more than just your annual contribution. Make sure to check with your tax advisor before converting.

With a Roth IRA, there is also no age limit for contributions, and individuals are not required to take distributions, called RMDs, once they reach age 72. In all cases, the principal amounts invested can be withdrawn without any tax liability or penalty.

### Consider an Entrust Self-Directed Roth IRA if:

- ◆ You want tax-deferred earnings and no taxation on withdrawals
- ◆ You do not want to be required to take distributions
- ◆ Your income does not exceed the income limits for contributing

The amount an individual can contribute to a Roth IRA is based on their MAGI. However, there is no income limit if converting a Traditional IRA or Individual 401(k) with a former employer to a Roth IRA.

## Start Saving Today

It's never been easier or more convenient to establish an account with Entrust:

1. Call your local Entrust office and request a new account application, or open an account online at: <https://www.theentrustgroup.com/open-an-account>
2. Submit your application to your local office, or see submission options below:

**Email:**

newaccounts@theentrustgroup.com

**Fax:**

510-587-0960

**Mail:**

The Entrust Group  
555 12th Street, Suite 900  
Oakland, CA 94607

3. Fund your IRA by making a contribution, or transfer/roll over an existing IRA or 401(k).
4. Choose your investment. For investment ideas, the Entrust Learning Center has a complete library of articles, case studies, webinars, news, and ideas on a number of different investment strategies.

If you would like to learn more about how you can benefit from self-direction, please take advantage of free, live and pre-recorded events offered through any one of our nationwide offices.

## IRA Comparison for 2021

	<b>Traditional</b>	<b>Roth</b>
<b>Eligibility</b> ▶	Must have earned income.	No age limit. There is an income limit based on tax filing status. Must have earned income.
<b>Income Limits for Full Contribution</b> ▶	None	Single: Up to \$140,000 Joint: Up to \$208,000
<b>Income Limits for Partial Deductibility (Traditional)/ Contribution (Roth)</b> ▶	Single: \$66,000 - \$76,000 Joint: \$105,000 - \$125,000	Single: \$125,000 - \$140,000 Joint: \$198,000 - \$208,000
<b>Contribution Limits</b> ▶	\$6,000 or 100% of compensation, whichever is less. The contribution limit is reduced by any contributions made to a Roth IRA.	\$6,000 or 100% of compensation, whichever is less. The contribution limit is reduced by any contributions made to a Traditional IRA.
<b>Catch-Up Contribution Limit</b> ▶	Additional \$1,000 if at least age 50. The contribution limit is reduced by any contributions made to a Roth IRA.	Additional \$1,000 if at least age 50. The contribution limit is reduced by any contributions made to a Traditional IRA.
<b>Withdrawal Taxation</b> ▶	Potential pre-tax contributions and earnings are taxable at time of distribution	Withdrawals of contributions are always free of tax and penalty. Earnings are tax-free after the following criteria are met: age 59 ½, death, disability, qualified first-time home purchase. First-time home purchase has a lifetime cap of \$10,000.
<b>Required Minimum Distributions (RMDs)</b> ▶	Begin at age 72	None