



Opening an Individual Retirement Account (IRA) can offer several financial benefits and is a smart step towards securing your financial future. Here are some compelling reasons to consider opening an IRA:

**1. Tax Advantages:**

- Traditional IRAs offer tax-deferred growth, meaning you don't pay taxes on your investment gains until you withdraw the funds during retirement. Contributions to a Traditional IRA may also be tax-deductible, potentially lowering your taxable income in the year of contribution.
- Roth IRAs provide tax-free withdrawals in retirement. While contributions to a Roth IRA are not tax-deductible, qualified withdrawals, including earnings, are tax-free.

**2. Supplement Retirement Savings:**

- IRAs are designed specifically for retirement savings, allowing you to supplement other retirement accounts such as employer-sponsored 401(k) plans. This diversification can provide you with more flexibility and control over your retirement assets.

**3. Investment Options:**

- IRAs offer a wide range of investment options, including stocks, bonds, mutual funds, exchange-traded funds (ETFs), and more. This flexibility allows you to create a diversified investment portfolio tailored to your risk tolerance and financial goals.

**4. Control and Flexibility:**

- Unlike employer-sponsored retirement plans, IRAs provide you with greater control over your investments. You can choose your custodian and investment options, allowing for a more personalized approach to your retirement savings strategy.

**5. Consistent Savings Habit:**

- Contributing to an IRA encourages a consistent savings habit. Automatic contributions can be set up, helping you steadily build your retirement nest egg over time.

**6. No Mandatory Withdrawals:**

- Unlike some retirement accounts, IRAs do not have required minimum distributions (RMDs) during the account owner's lifetime. This means you can choose when and how much to withdraw during retirement, providing greater flexibility in managing your finances.

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**7. Early Withdrawal Exceptions:**

- While early withdrawals from IRAs are generally subject to penalties, there are exceptions for certain qualified expenses such as higher education expenses, first-time home purchases, and medical expenses.

**8. Spousal IRAs:**

- Spouses who do not work or have limited income can contribute to an IRA through a spousal IRA. This allows couples to maximize their combined retirement savings, even if one spouse is not employed.

**9. Estate Planning Benefits:**

- IRAs can be valuable tools for estate planning. You can name beneficiaries for your IRA, and in many cases, they can inherit the IRA with certain tax advantages.

**10. Asset Protection:**

- In some cases, IRAs may offer protection from creditors, providing an additional layer of security for your retirement savings.

Before opening an IRA, it's important to understand the specific rules and limitations associated with each type of IRA (Traditional or Roth) and consider factors such as your income, tax situation, and retirement goals. Consulting with a financial advisor can help you make informed decisions based on your individual circumstances.

Remember, UBI Federal Credit Union is local and here for you! Please let us know what we can do to help with your banking and financial needs! 860-747-4152 or find us at [www.UBIFCU.com](http://www.UBIFCU.com)

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