



PENN RISE ADVISORS

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Invest in your future : Benefits of an IRA

How does an IRA work?

Individuals and married couples with earned income and under the age of 70 1/2 can contribute to an IRA. Generally, amounts in your IRA, including earnings and gains, are not taxed until they are distributed. Contributions may be deductible depending on your circumstances. Certain income limits and employer sponsored retirement plans, such as a 401k,

may reduce or eliminate your deduction. Individuals with income up to \$71,000 and couples up to \$118,000 may contribute to a deductible IRA. Withdrawals after age 59 1/2 are generally taxed at your ordinary income rate, with mandatory withdrawals beginning at age 70 1/2. Withdrawals made before age 59 1/2 may be subject to a 10% penalty in addition to taxes. Contributions for the



Are you saving enough for retirement?

previous year can be made until April 15th of the following year.

Benefits of a Roth IRA

A Roth IRA is similar to a Traditional IRA with some important distinctions. The first of which is



Tax free investments are a great way to save.

Roth IRA contributions are not tax deductible, however, depending on your income you may receive a tax credit. Individuals with income up to \$132,000 and couples up to \$194,000 are eligible for a Roth IRA. Contributions made to a Roth use after tax dollars, allowing for tax free growth and tax free withdrawals after age 59 1/2. Early withdrawals of your principle investment are not subject to

taxation or a 10% penalty. Earnings withdrawn before age 59 1/2 may be subject to ordinary income taxes and a 10% penalty. Another advantage of a Roth IRA is owners are not required to take minimum distributions after age 70 1/2, allowing for continued growth if the account is not needed for income.

How much can I contribute?

Maximum contributions to both a Roth IRA and Traditional IRA are \$5,500 per person and \$11,000 per married couple. Contributions increase for those over age 50, allowing an additional \$1,000 per person. Contribution limits will index upward in subsequent years.

Talk to your tax advisor today

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The information herein is believed to be accurate but cannot be guaranteed. Consult with your tax advisor for more information.

To begin your IRA, contact Karl Klingmann II at:

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