

Q. My friends keep telling me I should be contributing to a Roth IRA instead of a traditional IRA. Is this true?

A. Everyone's situation is different, so unless I know your AGI and tax bracket, I can't tell you for sure. It is best to meet with a professional who can assess your situation and make a proper recommendation. In order to help you assess your own situation, here are a few key questions you should answer.

- **Do I need tax deduction today?**
 - If you are in the 35% tax bracket, and you put \$4000 into your traditional IRA, you will pay \$1400 less in taxes. It is best to consult with your tax planner to determine the tax savings you will receive.
- **Am I contributing to my 401k?**
 - If you are contributing to a qualified work plan, your Traditional IRA may not be deductible!
- **Do I want to pay taxes on the earnings I accumulate between now and retirement?**
 - One of the key differences between the Roth Ira and the Traditional Ira is the tax benefits. The traditional IRA allows you to receive a tax deduction today and have your earnings grow tax deferred, but when you withdraw your funds they are 100% taxable.
 - The Roth Ira is not deductible today, but grows 100% tax free! When you retire and pull money from this account, you will not pay any taxes!
- **Do I want to leave a legacy to my heirs?**
 - The Roth Ira is a great way to leave money to your heirs. Since it grows tax free, your beneficiaries will be able to receive the funds tax free reducing the income taxes paid at death. A traditional IRA is 100% taxable to your heirs.

WorkInvest is a program by RSG Partners Financial & Insurance Services, Inc.

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