

Could starting a Roth IRA be right for you?

First things first:
Are you eligible?

To contribute to a Roth Individual Retirement Account (IRA):

- You must earn income (wages, self-employment income, etc.).
- Your income must be less than \$135,000 for a single tax filer or \$199,000 filing jointly to contribute to a Roth IRA (and less than \$120,000 for a single filer or \$189,000 filing jointly to contribute the full amount allowed by the IRS).¹

So far, so good? Then let's get started.



Do you want a source of tax-free income in retirement?

Yes

No

You contribute to a Roth IRA with money you've already paid taxes on, so you don't pay taxes when you withdraw those contributions in retirement.²



Are you OK with paying taxes on your Roth IRA contributions today?

Yes

No

You contribute after-tax money to a Roth IRA, and you don't deduct those contributions from your taxes.



Do you expect your tax rate to be higher in retirement?

Yes

No

If so, a Roth IRA may be a good choice; you'll be taxed based on your current tax bracket. If you think you'll be in a lower tax bracket when you retire (since you'll no longer have a paycheck), a traditional IRA might be better.



Do you think you'll want to keep contributing to your account past age 70½?

Yes

No

You can, with a Roth IRA (as long as you still have earned income). You can't contribute to a traditional IRA past age 70½.



Would you rather avoid withdrawing your money at a specific age?

Yes

No

You don't have to take required minimum distributions (RMDs) from a Roth IRA at any age; a traditional IRA requires minimum distributions starting at age 70½.



Would you like to be able to pass Roth IRA assets down to your beneficiaries tax-free?

Yes

No

Your beneficiaries can withdraw money from your Roth IRA tax-free, although they'll have to take required minimum distributions once they inherit the account.³ If your beneficiary is your spouse, he/she can roll the money into his/her own Roth IRA and won't have to take RMDs.

Do your “yes” answers outnumber your “no’s”?

If so, a Roth IRA might be a good choice for you. But keep in mind that some of your answers may carry more weight than others, depending on your needs and goals. It's best to review your options with a financial professional.

Next steps:

- Call 800.247.8000, ext. 2251, to talk through IRA options with a Principal® financial professional.
- Read an article on [three steps to start an IRA](#).
- Learn what a [Principal IRA](#) has to offer.

¹ IRS 2018 limits.

² Your account must be open for five years and you must be over age 59½ to be eligible for qualified tax-free withdrawals.

³ The account must have been held for at least five years to be eligible for tax-free withdrawals. By Dec. 31 of the year after the year in which the owner died, you must have begun taking required minimum distributions (RMDs) annually.

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