

HOW TO BE A TAX-FREE MILLIONAIRE- THE IMPORTANCE OF OPENING A ROTH IRA ASAP!

CLASS FOLLOW UP- ROTH IRA FACT SHEET:

- 1. After-Tax Contributions:** - Contributions to Roth IRAs are made with after-tax dollars, meaning you've already paid taxes on the money you contribute. Contributions do not lower taxable income unlike 401(K)s and Traditional IRAs.
- 2. Contribution Limits:** - As of 2023, the annual contribution limit is \$6,500 for individuals under 50 and \$7,500 for those 50 and older. These limits may change in future years. You can contribute up to your income or the annual max, whichever is less.
- 3. Early Withdrawals of Contributions:** - Contributions (not earnings) can be withdrawn tax and penalty-free at any time, making Roth IRAs a great source if emergency funds are needed.
- 4. Tax-Free Distributions:** - Qualified distributions from Roth IRAs, including earnings, are tax-free during retirement, provided the account has been open for at least five years and the account holder is 59½ or older.
- 5. No Required Minimum Distributions (RMDs):** - Roth IRAs do not have RMDs during the account owner's lifetime, allowing for flexible retirement planning. The IRS gets zero tax money so they do not care when you touch your Roth IRA!
- 6. Rollover Opportunities:** - Roth IRAs can be rolled over from other retirement accounts, such as traditional IRAs or 401(K)s, allowing for tax-efficient conversion strategies.
- 7. Qualified Education Expenses:** - Roth IRA funds can be used for qualified education expenses for you, your spouse, or your descendants without the 10% early withdrawal penalty.
- 8. First-Time Home Purchase:** - Up to \$10,000 of earnings can be withdrawn penalty-free for a first-time home purchase, provided the account has been open for at least five years.
- 9. Estate Planning Benefits:** - Roth IRAs can be passed on to heirs, and if the beneficiary is your spouse, they can treat the Roth IRA as their own, continuing tax-free growth. Non-spouse beneficiaries have RMD requirements but still benefit from tax-free growth during their lifetimes.
- 10. Income Limitations:** - There are income limits for Roth IRA contributions. These limits can affect your ability to contribute directly. Check the IRS guidelines for the most current limits. In 2023, income limits start at \$153K for single tax filers and \$228K for married tax filers.

First Job? Open a Roth IRA!

Summer Job? Open a Roth IRA!

Winter Job? Open a Roth IRA!



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