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Discover The Retirement Breakthrough The Federal Government Created For You...the Roth IRA!

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If you don't know what a Roth IRA is then stop everything, print this article and read it carefully as this will certainly be the most valuable information you read this year. This next retirement account is to your net worth what light bulb was to electricity. Let me tell you about this wonderful financial invention called a Roth IRA!

The main difference between the Roth and traditional IRA is that with the Roth you pay taxes first and then make the contribution. This is absolutely fantastic if you make a lot of money in the stock market because you NEVER have to pay even a dime on the capital gains! There are a ton of other advantages to the Roth IRA. Unlike the traditional IRA you can be of any age and still contribute.

You can also make a contribution to a Roth IRA at any time for a particular calendar year up until the due date of your tax return for that year. This means that if you want to make a Roth IRA contribution for 2005, you could make it anytime between January 1, 2005 and April 15, 2006. Another nice feature of the Roth IRA is that your spouse will also qualify for a contribution.

There is no tax deduction for Roth IRAs. Contributions are made with money that has already been taxed so there is no immediate tax break. Don't fool yourself into thinking that this isn't the best thing since the wheel because when Roth money is taken out, it is a tax-free distribution! This type of IRA is ideal for individuals in a lower tax bracket now, but anticipate being in a higher tax bracket at retirement. In other words, if you are in a blue-collar or white-collar middle class family and are learning and practicing good savings and investment habits than this is your retirement life saver!

It gets even better!!! You may make contributions at any age, even after you reach 70½. You must have your Roth account open for at

least five years before you can take a penalty free distribution of earnings. Distributions of earnings without penalty can be taken after age 59½. If you are a first-time home buyer or become disabled, you can take distributions earlier. You can also withdraw the contributions at any time penalty free as long as you don't withdraw investment earnings. What many people don't know who even have Roth is that they can withdraw the contribution for the account without penalty at any time as long as you don't touch any stock profits.

If you exceed the income limits you can neither contribute to nor roll over other IRA money into a Roth account. If you opened a Roth while you were under the income limits but then later earn more, your Roth account still will earn money tax-free that you can take out later without tax implications, but no new contributions are allowed. Another absolutely incredible feature of the Roth IRA is that it is also judgment proof. If you get sued it can be very hard for the lawyers to get it from you!

About the Author:

Dr. Scott Brown, Ph.D., the Wallet Doctor, is a successful investor. Dr. Brown holds a Ph.D. in finance. The Wallet Doctor is sought after for investment advice and coaching. For more information visit Dr. Brown's site at <http://www.BonanzaBase.com> or sign up for his investment tips at <http://www.WalletDoctor.com>

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