

# Weingarten Associates, L.L.C.

*Plan now for a calm financial future*

## Fall 2003 Newsletter

### ***Roth IRAs- A Great Savings Vehicle for Multiple Goals***

Ken Weingarten, President of Financial Services

In order to take full advantage of a Roth IRA, your annual adjusted gross income cannot exceed \$110,000 as a single filer or \$160,000 as married filing jointly. Also, you must have *earned* income to make a contribution. If you are eligible to contribute to a Roth IRA, you *can* use the account to save for goals in addition to retirement.

Benefits:

- Your money is not tied up. You can withdraw your *contributions* at any time for any reason without paying any penalties or taxes. So, let's say you have been saving diligently for retirement and along comes a pressing need for immediate cash (a college bill, an emergency home repair, etc...) and you need to tap *something*. Let's say your Roth IRA account has \$25,000 total, \$20,000 of which were your original *contributions*. You can withdraw your contributions without paying *any* taxes or penalties.
- The withdrawal of *earnings* are tax-free and penalty-free if you have held the account for five years *and* you are at least age 59 ½. There are some exceptions that will allow withdrawals before that age; consult an advisor regarding these exceptions.
- There are no *mandatory* withdrawal requirements for Roth IRAs. Therefore the funds may be passed on to heirs without paying income tax on the proceeds. In contrast, traditional IRAs *have* required minimum withdrawals starting at age 70 ½.

Roth IRA contributions are after-tax contributions. Additionally, your traditional IRA *can* be converted into a Roth IRA; consult an advisor regarding the *complex* rules before doing this.

The 2003 Roth IRA contribution limit is \$3,000, with an additional \$500 "catch-up" contribution permitted for individuals over age 50. These limits are scheduled to increase over the decade.

### ***2003 Tax Projection – Where Do You Stand?***

Trina Weingarten, President of Tax Services

Now is a great time of year to consider reviewing your 2003 tax circumstances, while there is still time to make changes. A large overpayment, while creating "forced" savings, is essentially an interest-free loan to the government. A large underpayment may result in an unnecessary interest payment due to the government at tax time. By correcting tax withholding now, both of these situations can be avoided.

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