



# INDIVIDUAL RETIREMENT ACCOUNT

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## WHAT IS AN IRA AND WHY DO I NEED ONE?

A secure retirement doesn't just happen. It takes planning, discipline and follow-through. Most people count on social security to fund their retirement income needs; however, the future of social security is unclear, and the typical social security benefit falls way short of funding retirement income needs. Today's retirees also face a number of other challenges that have added to the necessity of providing other retirement income funding solutions. Some of these challenges include:

- Longevity: people are living longer and need to manage the real risk of outliving their money.
- Rising Cost of Health Care: healthcare costs continue to go up at an increasing rate.
- Tax Creep: taxes continue to consume a higher percentage of discretionary income.
- Inflation: the invisible enemy continues to diminish purchasing power.

IRA stands for Individual Retirement Account. IRAs were established to provide people with a tax efficient way to save for retirement. Think of an IRA as a container that you can store investment assets that are designated for retirement in. It provides tax deferred earnings and potentially tax-free withdrawals if considered qualified if you utilize a traditional IRA, or tax-free growth if you qualify for and utilize a ROTH IRA. The IRA container provides you with a high degree of flexibility when it comes to determining the types of investments you want to hold in your personalized container. These include, but are not limited to: **Stocks, Bonds, Mutual Funds & Annuities.**

The contributions into a traditional IRA are tax deductible when made but the original contributions and earnings are all taxed at the investor's marginal rate when they are withdrawn. With the ROTH IRA, the contribution is not tax deductible when made, and the earnings are tax-free when withdrawn. (Certain limitations and penalties apply for distributions taken prior to age 59 ½ and for other non-qualified distributions.)

## ARE YOU COUNTING ON SOCIAL SECURITY TO FUND YOUR RETIREMENT NEEDS?

- The average social security monthly benefit for retired workers is only \$1,348.79.
- Full social security benefits are not available until age 67 for workers born in 1960 or later.
- About 39% of the average retiree's total income comes from social security.

Source: [www.ssa.gov](http://www.ssa.gov)

# THE BASICS

## Types of IRAs (Individual Retirement Accounts)

### Traditional IRA

- Contribution may be tax-deferred
- Grows tax-deferred
- Distributions taxed as ordinary income when taken out

### Rollover IRA

- Provides self-directed IRA account to hold qualified plan rollovers
- Grows tax-deferred
- Distributions taxed as ordinary income when taken out

### Roth IRA

- Contributions are not tax deductible
- Grows tax-free
- Qualified distributions are tax-free

### Funding Limitations

- 2019 (\$6,000 with \$1,000 catch up provision if over age 50)

### Investment Options

- Stocks, bonds, mutual funds, annuities

# MOST LIKELY PROSPECTS

- Anyone that has earned income over the age of 18
- Anyone changing jobs

# WHAT TO LOOK FOR

- People looking for ways to reduce taxes
- People making comments regarding concerns over the future of social security
- Clients who express concerns about saving for retirement

# POSITIONING STATEMENTS

## (to be used after customer inquiry only)

- Have you done anything to plan for retirement?
- Have you met with anyone to set up your retirement plan?
- Would you like to meet with someone for ideas on how you could reduce your tax liability and put away money for retirement?



**Have you saved enough?**

**PLEASE LIST THE NAMES OF 5 CLIENTS THAT COULD BENEFIT FROM THIS PROGRAM:**

Name

Phone #

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2) \_\_\_\_\_

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3) \_\_\_\_\_

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4) \_\_\_\_\_

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5) \_\_\_\_\_

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