

# Quincy Cass Associates, Inc.

## Individual Retirement Products Guide

### TRADITIONAL IRA

#### Target Market

- Individuals with compensation
- Nonworking spouses who file a joint tax return
- Individuals who are ineligible to continue to a Roth IRA due to adjusted gross income (AGI) limits
- Minors with earned income

#### Features

- Any earnings accumulate tax deferred – taxes are paid only when earnings and deductible contributions are withdrawn
- Contributions must be made in cash

#### Eligibility Requirements

- Anyone who has compensation
- A spouse with no compensation, provided the other spouse is working and the couple files a joint federal income tax return.

#### Contributions

- Maximum contribution is the lesser of \$6,000 for 2022 and \$6,500 for 2023 or 100% of compensation
- Contributions may be tax deductible; however, an individual may also make nondeductible contributions
- For those individuals who are age 50 or older at the end of the taxable year, an additional annual catch-up contribution of up to \$1,000 for 2022 and 2023 may be made
- Contributions may be fully or partially tax deductible depending on AGI and an individual's active participation in an employer-sponsored retirement plan
- For a taxpayer who participates in an employer-sponsored plan, deductibility of annual IRA contributions is phased out based on AGI:
  - If married and filing a joint return, contributions are fully deductible with AGI of \$109,000 or less for 2022 and \$116,000 or less for 2023; partially deductible with AGI more than \$109,000 but less than \$129,000 for 2022 and more than \$116,000 but less \$136,000 for 2023; and nondeductible at \$129,000 or more for 2022 and \$136,000 or more for 2023.
  - If single or head of household, contributions are fully deductible with AGI of \$68,000 or less for 2022 and \$73,000 or less for 2023; partially deductible with AGI more than \$68,000 but less than \$78,000 for 2022 and more than \$73,000 but less than \$83,000 for 2023; and nondeductible at \$78,000 or more for 2022 and \$83,000 or more for 2023.
  - If married and filing a joint return and only the spouse is covered by an employer-sponsored plan, contributions are fully deductible with AGI of \$204,000 or less for 2022 and \$218,000 or less for 2023; partially deductible when more than \$204,000 but less than \$214,000 for 2022 and more than \$218,000 but less than \$228,000 for 2023; and nondeductible at \$214,000 or more for 2022 and \$228,000 or more for 2023.
- Eligible rollover contributions from an employer-sponsored plan
- Contributions can be made to both a Traditional IRA and a Roth IRA, but the combined total contribution cannot exceed the contribution limit or 100% of compensation per tax year, whichever is less

## TRADITIONAL IRA - CONTINUED

Distributions <sup>1</sup>	<ul style="list-style-type: none"><li>• Required minimum distribution (RMDs) must begin by April 1 following the year an individual turns age 73 and must occur by each December 31 thereafter</li><li>• Exceptions to the early withdrawal penalty:<ul style="list-style-type: none"><li>- Attainment of age 59 ½</li><li>- Disability [as defined by IRS Section 72(m)(7)]</li><li>- Series of certain substantially equal periodic payments</li><li>- Health insurance premiums for certain unemployed individuals</li><li>- Qualified higher education expenses</li><li>- Qualified first-time home purchase (\$10,000 lifetime limit)</li><li>- Certain medical expenses in excess of 10% (or 7.5% if account owner or his or her spouse was born before January 2, 1950) of AGI</li><li>- IRS levy under Section 6331 of the Internal Revenue Code</li><li>- Qualified reservist duty<sup>2</sup></li><li>- Death</li><li>- Qualified birth or adoption distribution (\$5,000 limit)<sup>3</sup></li></ul></li></ul>
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Deadline to Set Up/Contribute	<ul style="list-style-type: none"><li>• Contributions are due by the individual's tax-filing deadline, excluding extensions – generally, April 15</li></ul>
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Administrative Information	<ul style="list-style-type: none"><li>• Annual IRS Forms 5498 and 1099-R reporting</li><li>• IRS Form 8606 required to be filed by individual for any nondeductible contributions or recharacterization of contributions</li><li>• Annual RMD notice sent to account owners aged 73 and older</li><li>• \$125 account termination fee</li><li>• Annual retirement maintenance fee per account applies and may be subject to correspondent adjustments – please contact your home office for more information</li></ul>
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## ROTH IRA

Target Market	<ul style="list-style-type: none"><li>• Individuals with compensation not to exceed AGI limits</li><li>• Nonworking spouses who file a joint tax return</li><li>• Individuals who hold a designated Roth account in a 401(k) or 403(b) and who wish to roll over those assets into a Roth IRA</li><li>• Minors with earned income</li></ul>
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Features	<ul style="list-style-type: none"><li>• Earnings accumulate tax free</li><li>• Contributions must be made in cash</li><li>• Roth conversion contributions may be made in kind</li></ul>
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Eligibility Requirements	<ul style="list-style-type: none"><li>• For individuals, the maximum annual contribution is phased out with an AGI of at least \$129,000 but less than \$144,000 for 2022 and \$138,000 but less than \$153,000 for 2023.</li><li>• For married couples filing jointly, the maximum annual contribution is phased out with an AGI of least \$204,000 but less than \$214,000 for 2022 and \$218,000 but less than \$228,000 for 2023.</li><li>• Married couples filing separately are ineligible to contribute if AGI is \$10,000 and above (partial contributions allowed for AGI from \$0 to less than \$10,000) for 2022 and 2023.</li><li>• A spouse with no compensation, if filing jointly, depending on spouse's circumstances</li><li>• Can convert Traditional, Rollover, SEP, or SIMPLE IRAs (after a two-year period) assets to a Roth IRA</li><li>• Can roll over eligible employer-sponsored retirement plan assets to a Roth IRA (referred to as qualified rollover contribution)<sup>4</sup></li><li>• Can directly roll over to a Roth IRA a designated Roth account in a 401(k) or 403(b)</li></ul>
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## ROTH IRA - CONTINUED

Contributions	<ul style="list-style-type: none"><li>• Maximum contribution is the lesser of \$6,000 for 2022 and \$6,500 for 2023 or 100% of compensation</li><li>• For those individuals who are age 50 or older at the end of the taxable year, an additional annual catch-up contribution of \$1,000 for 2022 and 2023 may be made</li><li>• Contributions are made with after-tax (nondeductible) money</li><li>• Individuals may contribute as long as they earn compensation and meet AGI limits</li><li>• Contributions can be made to both a Traditional IRA and a Roth IRA, but the combined total contribution cannot exceed the contribution limit or 100% of compensation per tax year, whichever is less</li></ul>
Conversions	<ul style="list-style-type: none"><li>• A Roth conversion is a distribution of assets from tax-deferred retirement accounts such as Traditional, SEP or SIMPLE IRAs or 401(k), 403(b), or 457(b) plans into a Roth IRA</li><li>• There are no longer income restrictions to determine ROTH IRA conversion eligibility</li><li>• All pretax assets converted to a ROTH IRA are taxable in the year of conversion</li><li>• Aggregation rules apply for taxation: The IRS views clients by Social Security number, so all Roth IRAs are treated as one large IRA, even when there are multiple accounts across multiple firms</li></ul>
Distributions <sup>1</sup>	<ul style="list-style-type: none"><li>• No minimum distributions required in account owner's lifetime</li><li>• Contributions can be withdrawn at any time – federal tax free and penalty free<sup>5</sup></li><li>• Exceptions to the early withdrawal penalty:<ul style="list-style-type: none"><li>- Attainment of age 59 ½</li><li>- Disability [as defined under Section 72(m)(7) of the Internal Revenue Code]</li><li>- Series of certain substantially equal periodic payments</li><li>- Health insurance premiums for certain unemployed individuals</li><li>- Qualified higher education expenses</li><li>- Qualified first-time home purchase (\$10,000 lifetime limit)</li><li>- Certain medical expenses in excess of 10% (or 7.5% if account owner or his or her spouse was born before January 2, 1950) of AGI</li><li>- IRS levy under Section 6331 of the Internal Revenue Code</li><li>- Qualified reservist duty<sup>2</sup></li><li>- Death</li><li>- Qualified birth or adoption distribution (\$5,000 limit)<sup>3</sup></li></ul></li></ul>
Deadline to Set Up/Contribute	<ul style="list-style-type: none"><li>• Contributions are due by the individual's tax-filing deadline, excluding extensions – generally, April 15</li></ul>
Administration Information	<ul style="list-style-type: none"><li>• Annual IRS Forms 5498 and 1099-R reporting</li><li>• IRS Form 8606 required to be filed if individual makes a Roth IRA conversion or annual contribution</li><li>• \$125 account termination fee</li><li>• Annual retirement maintenance fee per account applies and may be subject to correspondent adjustments – please contact your home office for more information</li></ul>

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## ROLLOVER IRA

Target Market	<p>Individuals who:</p> <ul style="list-style-type: none"><li>• Are either retiring or changing employers and want to keep retirement savings in a tax-deferred account, or</li><li>• Wish to move their qualified plan money into a single account, or</li><li>• Wish to consolidate qualified and Traditional IRA assets into one account</li></ul> <p>Note: A Rollover IRA is a traditional IRA that is established for the purpose of receiving rollover assets from an employer-sponsored retirement plan or from another Traditional IRA.</p>
Features	<ul style="list-style-type: none"><li>• Eligible distributions from employer-sponsored retirement plans can be directly rolled over to a Rollover IRA</li><li>• Direct rollover avoids mandatory 20% withholding requirement on distributions from employer-sponsored plans</li><li>• Any earnings grow tax deferred until withdrawn</li></ul>
Eligibility Requirements	<ul style="list-style-type: none"><li>• Anyone with eligible employer-sponsored retirement plan assets – generally, all pretax and after-tax contributions and earnings (RMDs, certain substantially equal periodic payments, and hardship distributions cannot be rolled over)</li></ul>
Contributions	<ul style="list-style-type: none"><li>• Annual contributions are permissible based on Traditional IRA rules</li></ul>
Distributions <sup>1</sup>	<ul style="list-style-type: none"><li>• RMDs must begin by April 1 following the year an individual turns 73 and must occur by each December 31 thereafter</li><li>• Exceptions to the early withdrawal penalty:<ul style="list-style-type: none"><li>- Attainment of age 59 ½</li><li>- Disability [as defined under Section 72(m)(7) of the Internal Revenue Code]</li><li>- Series of certain substantially equal periodic payments</li><li>- Health insurance premiums for certain unemployed individuals</li><li>- Qualified higher education expenses</li><li>- Qualified first-time home purchase (\$10,000 lifetime limit)</li><li>- Certain medical expenses in excess of 10% (or 7.5% if account owner or his or her spouse was born before January 2, 1950) of AGI</li><li>- IRS levy under Section 6331 of the Internal Revenue Code</li><li>- Qualified reservist duty<sup>2</sup></li><li>- Death</li><li>- Qualified birth or adoption distribution (\$5,000 limit)<sup>3</sup></li></ul></li></ul>
Deadline to Set Up/Contribute	<ul style="list-style-type: none"><li>• An individual who receives the distribution check directly generally has 60 days from the date he or she receives an eligible rollover distribution to contribute the assets to a Rollover IRA in order to avoid income taxes and, if under age 59 ½, the 10% IRS early withdrawal penalty</li><li>• 60-day rollovers between IRAs are restricted to one every 12 consecutive months. The 12-month rule is applicable only where the 60-day rollover is occurring between Traditional, Roth, or SIMPLE IRAs; the 12-month rule does not apply to rollovers from qualified plans, 403(b) plans, or governmental plans, or conversions from Traditional IRA to a Roth IRA</li><li>• 60-day rollovers from employer-sponsored plans are subject to mandatory 20% withholding for federal income tax, which an individual will have to replace if he or she wants to roll over the entire distribution</li><li>• An individual may request a trustee-to-trustee transfer to move assets to a Rollover IRA – which is not subject to the 60-day rollover deadline</li></ul>
Administration Information	<ul style="list-style-type: none"><li>• Annual IRS Forms 5498 and 1099-R reporting</li><li>• Annual RMD notice sent to account owners aged 73 and older</li><li>• \$125 account termination fee</li><li>• Annual retirement maintenance fee per account applies and may be subject to correspondent adjustments – please contact your home office for more information</li></ul>

**INHERITED IRA (BENEFICIARY DISTRIBUTION ACCOUNT [IRA-BDA] – The Setting Every Community Up for Retirement Enhancement (SECURE) Act was passed into law in 2019 and may impact the distribution alternative available for beneficiaries. Your clients should discuss these changes with you and their tax advisor to understand how changes under the SECURE Act impact them.**

Target Market	<ul style="list-style-type: none"><li>• Beneficiaries of IRA assets</li><li>• Beneficiaries of employer-sponsored retirement plan assets who wish to roll over the assets directly to an IRA-BDA</li></ul>
Features	<ul style="list-style-type: none"><li>• Beneficiary may roll over inherited qualified plan assets to an IRA-BDA</li><li>• Provides a means for beneficiaries to take distributions</li><li>• May allow the IRA-BDA owner to name an individual, trust, or estate as a successor beneficiary</li></ul>
Eligibility Requirements	<ul style="list-style-type: none"><li>• Account owner must be the beneficiary of any type of IRA or employer-sponsored retirement plan account</li><li>• A spouse beneficiary has the option of transferring the inherited assets directly to his or her own IRA or establishing a Traditional or Roth IRA-BDA, as applicable</li></ul>
Contributions	<ul style="list-style-type: none"><li>• Can generally be funded via internal transfer from an IRA (Traditional, Roth, Rollover, SIMPLE, or SEP)</li><li>• The IRA-BDA accepts transfers from BDAs held at other custodians</li><li>• Employer-sponsored retirement plan account beneficiary assets may directly roll over into the IRA-BDA<ul style="list-style-type: none"><li>- For spouse beneficiaries, the rollover can be done either as a 60-day rollover or as a direct rollover</li><li>- For non-spouse beneficiaries, the rollover must be done as a direct rollover</li></ul></li><li>• Ongoing Contributions cannot be made to a BDA</li></ul>
Distributions <sup>1</sup>	<ul style="list-style-type: none"><li>• Assets are subject to applicable beneficiary distribution requirements, depending on certain factors, such as:<ul style="list-style-type: none"><li>- Beneficiary's relationship to the original depositor</li><li>- The original depositor's age at time of death</li><li>- RMD elections that the original depositor already made</li><li>- The type of IRA involved</li><li>- Whether the beneficiary is an eligible designated beneficiary* for the purpose of determining if the 10-year rule or life expectancy calculation applies for taking distributions</li></ul></li></ul>
Deadline to Set Up/Contribute	<ul style="list-style-type: none"><li>• The preserve all options, inheritors must make certain decisions within nine months of the date of death of the original account owner</li><li>• Generally, December 31 of the year following the original account owner's death is the date by which inherited IRA owners must take the first RMD (unless the 10-year rule applies)</li><li>• If sharing inherited IRA assets with other beneficiaries, all beneficiaries should set up their own IRA-BDA for their portion of the inherited IRA assets by December 31 of the year following the IRA owner's date of death</li></ul>
Administrative Information	<ul style="list-style-type: none"><li>• Annual IRS Forms 5498 and 1099-R reporting</li><li>• \$125 account termination fee</li><li>• Annual retirement maintenance fee per account applies and may be subject to correspondent adjustments – please contact your home office for more information</li></ul>

\*Eligible designated beneficiary is a beneficiary who is the surviving spouse or minor child of the original owner or is disabled, chronically ill, or not more than 10 years younger than the original owner.

## Learn More Today!

If you are interested in learning more about our individual retirement products, please contact Quincy Cass Associates.

<sup>1</sup>Distributions from IRAs prior to age 59 ½ may be subject to a 10% early withdrawal penalty unless an exception applies.

<sup>2</sup>A qualified reservist distribution is made to an individual ordered or called to active duty for at least 180 days. This applies to distributions taken after – and individuals called to active duty after – September 11, 2001.

<sup>3</sup>A qualified birth or adoption distribution – available for distribution made after December 31, 2019 – is a distribution made to an individual during the one-year period beginning on the date on which a child of the individual is born or on which the legal adoption by the individual of an eligible adoptee is finalized. An eligible adoptee is an individual (other than a child of a taxpayer's spouse) who has not attained age 18 or who is physically or mentally incapable of self-support.

<sup>4</sup>A qualified rollover contribution from an employer-sponsored retirement plan must be done as a direct rollover (ie., trustee-to-trustee transfer). Qualified rollover contributions are subject to the same rules as Roth conversions.

<sup>5</sup>Distributions are taken from the nontaxable portion of the Roth IRA first; only when all aggregate contributions have been withdrawn will any earnings be distributed (subject to taxation and an early withdrawal penalty unless an exception applies). The five-year aging period begins on January 1 of the year for which the first Roth IRA annual contribution is made or, if earlier, January 1 of the year in which the first conversion contribution is made. All subsequent contributions receive this initial five-year aging date; however, each subsequent conversion contribution receives a separate five-year aging date for purposes of determining if distributions are qualified distributions. If the five-year aging period is not met, distributions are penalty free (but not tax free) for qualified higher education expenses, qualified first-time home purchase (\$10,000 lifetime limit), series of certain substantially equal periodic payments, certain medical expenses in excess of 10% (or 7.5% if account owner or his or her spouse was born before January 2, 1950) of AGI, health insurance premiums for certain unemployed individuals, or IRS levy under Section 6331 of the Internal Revenue Code, or upon disability or death.

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