FREEDOM FINANCIAL ADVANTAGE
PREPARATION FOR TODAY AND TOMORROW
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What Is an IRA Rollover? by Emerald

If you leave a job or retire, you might want to transfer the money you've invested in one or more employer-sponsored retirement plans to an individual retirement account (IRA). An IRA rollover is an effective way to keep your money accumulating tax deferred.

Using an IRA rollover, you transfer your retirement savings to an account at a private institution of your choice, and you choose how you will invest the funds. To preserve the tax-deferred status of retirement savings, the funds must be deposited in the IRA within 60 days of withdrawal from an employer's plan. To avoid potential penalties and a 20% federal income tax withholding from your former employer, you should arrange for a direct, institution-to-institution transfer.

You are able to roll over funds from an employer-sponsored plan to a traditional IRA or a Roth IRA. Everyone is eligible for a Roth IRA rollover as there are no income limits (although income limits still apply to contributions to a Roth IRA). Keep in mind that ordinary income taxes are owed on all amounts rolled over to a Roth IRA.

An IRA can be tailored to your particular needs and goals and can incorporate a variety of investment vehicles, as opposed to the limited number of options available in many employer-sponsored retirement plans. In addition, tax-deferred retirement savings from multiple employers can later be consolidated.

Over time, IRA rollovers may make it easier to manage your retirement savings by consolidating your holdings in one place. This can help cut down on paperwork and give you greater control over the management of your retirement assets.

Distributions from traditional IRAs are taxed as ordinary income and may be subject to an additional 10% federal income tax penalty if taken prior to reaching age 59½. Just as with employer-sponsored retirement plans, you must begin taking required minimum distributions from a traditional IRA each year after you turn age 70½.

Qualified distributions from a Roth IRA are free of federal income tax (under current tax laws) but may be subject to state, local, and alternative minimum taxes. To qualify for a tax-free and penalty-free withdrawal of earnings, a Roth IRA must meet the five-year holding requirement, and the distribution must take place after age 59½ or due to death, disability, or a first-time home purchase ($10,000 lifetime maximum). The mandatory distribution rules that apply to traditional IRAs do not apply to original Roth IRA owners; however, Roth IRA beneficiaries must take mandatory distributions.

To find out more about your options concerning your traditional IRA or Roth IRA, contact Freedom Financial Advantage, LLC today! Our financial representatives have the necessary information you will need to help you decide what choices benefit you the most and put you in the right direction concerning your IRA transfer or withdrawal.

FINANCIAL WORKSHOPS

"From Paychecks to Paybacks: The Financial Journey"
Mondays @ 7:30pm
WGIV - Charlotte
103.3FM 1370AM
www.wgiv.net

Maggiano's Little Italy
SouthPark
3rd Sundays
January-September 2013

Follow us:

"It is not in the stars to hold our destiny but in ourselves."
~William Shakespeare~

In photo: Eden Peacock Wilkinson
Granddaughter of Gilbert & Barbara Peacock

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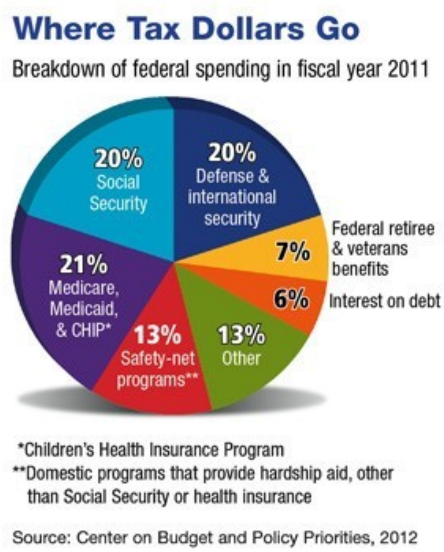
End-of-Year Tax Tips by Emerald

The end of the year is fast approaching, so now may be a good time to start thinking about steps that could help reduce your 2012 income tax liability. Of course, before you take any specific action, be sure to consult with your tax professional.

Consider income timing. Some tax experts recommend deferring income to the next tax year, if possible, to help lower gross income. The situation this year is more complicated because federal income tax rates are scheduled to be higher in 2013. Congressional action on taxes may not become clear until the new Congress takes office after the first of the year.

Examine your capital gains and dividend strategy. The favorable tax rates on capital gains and dividends are scheduled to expire after 2012. Because the future of these provisions is uncertain, you may want to reconsider your strategy before the end of the year.

Make your January mortgage payment early. If you make next year's first payment on or before December 31, you might be able to take an additional interest deduction this year.



Give to charity. If you itemize deductions, you typically are able to deduct the value of both cash and non-cash charitable contributions from your taxable income. Be sure to keep receipts and other records required by the IRS.

Use up your flexible spending account (FSA) funds. Although this action may not reduce your taxes, you risk losing the money if you don't use the funds in a medical FSA before the end of the plan year. You can use these funds for qualified, unreimbursed medical expenses, including insulin and some over-the-counter items such as bandages, contact lens solution, and self-diagnostic tests. Over-the-counter medicines are not reimbursable without a doctor's prescription.

Contact Freedom Financial Advantage, LLC today to help you define the steps you need to take to help reduce your 2012 income tax liability.

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