



# FLEXIBLE, TAX-ADVANTAGED SAVINGS

## VANTAGEPOINT IRA

  
**ICMARC**  
BUILDING PUBLIC SECTOR  
RETIREMENT SECURITY

## Maximize Your Retirement Savings with an IRA

An IRA can help you meet a variety of savings goals and can complement your employer's retirement plan through more flexible withdrawals and additional investment options. It's another tax-advantaged way to help you build retirement security and meet other savings goals such as:

- ▶ Earn additional retirement income
- ▶ Set aside money in retirement for travel, gifts, or medical care
- ▶ Make a down payment on a first home
- ▶ Pay for college education

Opening a Vantagepoint IRA for you and/or your spouse is quick and easy — visit [www.icmarc.org/ira](http://www.icmarc.org/ira).

Or, use the forms included in this package. For questions, email [investorservices@icmarc.org](mailto:investorservices@icmarc.org), or call 800-669-7400.

**Payroll IRA** — You may also be eligible to open a Traditional and/or Roth IRA through your employer and make regular, convenient contributions from your paycheck. Check availability with your employer or an ICMA-RC representative.



# Choosing a Vantagepoint IRA

## Roth IRA and Traditional IRA Tax Rules Differ

Contributing to a **Roth IRA** may make more sense if you:

- ▶ want a source of tax-free income to diversify your tax situation
- ▶ think your tax rate will be higher when you take withdrawals

Contributing to a **Traditional IRA** may make more sense if you:

- ▶ qualify to deduct all or part of your annual IRA contribution
- ▶ think your tax rate will be lower when you take withdrawals

	ROTH IRA	TRADITIONAL IRA
<b>Key Potential Tax Advantage</b>	Tax-free growth	Tax-deductible contributions
<b>Eligibility</b>	There is no age requirement, but individuals must have income within eligible limits.	Anyone under age 70½ in the current year and having earned income of at least the amount of the IRA contribution.
<b>Contributions Deductible from Income Tax</b>	No	Partial or full deduction depending on your filing status and income.
<b>Contributions Taxed upon Withdrawal</b>	No	Yes, unless nondeductible
<b>Earnings Grow Tax-Deferred</b>	Yes	Yes
<b>Earnings Taxed upon Withdrawal</b>	Earnings are tax-free upon reaching age 59½ and after five years.	Yes
<b>Earnings Subject to Penalty Tax upon Withdrawal</b>	Yes, prior to age 59½, unless an exception applies	Yes, prior to age 59½, unless an exception applies
<b>Subject to IRS Required Minimum Distribution after Age 70½</b>	No	Yes

## IRA Maximum Contribution Limits

YEAR	BELOW AGE 50	AGE 50 AND ABOVE
2020	\$6,000	\$7,000

If married, contributions may also be made to your spouse's IRA, for a total contribution of \$12,000 (\$14,000 if both of you are age 50 or older as of year's end).

2019 tax-year contributions may also be made, up until April 15, 2020. For 2020 IRA tax rules, visit [www.icmarc.org/whichira](http://www.icmarc.org/whichira).

## Roth IRA Contribution Eligibility

A Roth IRA provides tax- and penalty-free earnings as long as 1) you have owned a Roth IRA for a five-year holding period, as defined by the IRS; and 2) you have a qualifying event ("first-time" home purchase, age 59½, disability, or death). Contributions can be withdrawn any time without taxes or penalties.

You must be eligible to contribute to a Roth IRA based on your Modified Adjusted Gross Income (MAGI).

YEAR	FILING STATUS	MAGI	ALLOWABLE CONTRIBUTION TO ROTH IRA
2020	Single	Less than \$124,000	Full amount
		\$124,000 – \$139,000	Partial amount
		\$139,000 or more	No contribution allowed
	Married/Joint	Less than \$196,000	Full amount
		\$196,000 – \$206,000	Partial amount
		\$206,000 or more	No contribution allowed

# Traditional IRA Tax Deduction Eligibility

Traditional IRA contributions may be partially or fully deductible depending on your filing status and income level.

- ▶ If you (and your spouse, if applicable) do not participate in an employer-sponsored retirement plan, then your contributions are fully deductible.
- ▶ If you do participate in a retirement plan, your ability to deduct contributions is based on your MAGI.

YEAR	SINGLE FILERS		JOINT FILERS	
	Full Deductibility	Partial Deductibility	Full Deductibility	Partial Deductibility
2020	\$65,000 or less	\$65,000 – \$75,999	\$104,000 or less	\$104,000 – \$124,000

- ▶ If you participated in an employer-sponsored retirement plan, but your spouse did not, then your spouse may deduct the IRA contribution if you file a joint federal tax return, and your combined MAGI is less than \$206,000 (between \$196,000 – \$206,000, the contribution deduction is prorated).

To learn more, visit [www.icmarc.org/whichira](http://www.icmarc.org/whichira).

**Saver’s Credit** — You may be eligible for a tax credit of as much as \$1,000 (\$2,000 if married filing jointly), if you qualify for the IRS Saver’s Credit based on your income. Visit [www.icmarc.org/saverscredit](http://www.icmarc.org/saverscredit) to learn more.



# Owning a Vantagepoint IRA

## Investment Options

A wide array of mutual funds from leading companies is available.

Visit [www.icmarc.org/irainvest](http://www.icmarc.org/irainvest) to view a complete list.

- ▶ Build a diversified portfolio of individual stock and bond funds, or select specific funds that complement other retirement account investments you own.
- ▶ Select a single diversified target-date fund or target-risk fund that automatically adjusts its risk level based on its objective.
- ▶ VantageBroker offers access to additional mutual funds and individual stocks, bonds, and CDs. Restrictions apply.<sup>1</sup>

## Professional investment advice to tie it all together.

Guided Pathways<sup>®2</sup> Advisory Service provides professional investment advice to help you determine:

- ▶ How much you should save
- ▶ How you should invest what you save
- ▶ When you can retire
- ▶ How to take withdrawals from your retirement accounts

Learn more about Guided Pathways<sup>®</sup> at [www.icmarc.org/guidedpathways](http://www.icmarc.org/guidedpathways) — you pick the level of service right for you.



## One Statement for All Your Plans

Monitor your Vantagepoint IRAs alongside your other ICMA-RC accounts on a single statement and by logging into our website ([www.icmarc.org/login](http://www.icmarc.org/login)).

## Automatic Investment

Contribute at least \$50 on a monthly or quarterly basis directly from your bank account to your Vantagepoint IRA and avoid an initial minimum contribution (otherwise the initial minimum contribution is \$1,500).

## Account Maintenance Fees

The annual \$25 account maintenance fee will be waived if:

- ▶ your total IRA assets exceed \$1,500 as of June 30; or
- ▶ your total assets invested with ICMA-RC exceed \$50,000 as of June 30; or
- ▶ your household's total ICMA-RC assets exceed \$100,000 as of June 30; or
- ▶ you fund your IRA through payroll or automatic investments.

<sup>1</sup> Please read the fund's prospectus carefully for a complete summary of all fees, expenses, investment objectives and strategies, risks, financial highlights, and performance information. Investing involves risk, including possible loss of the amount invested. Investors should carefully consider the information contained in the prospectus before investing. You may contact us to obtain a prospectus or to answer questions by calling 800-669-7400, emailing [investorservices@icmarc.org](mailto:investorservices@icmarc.org), or visiting [www.icmarc.org](http://www.icmarc.org).

<sup>2</sup> Investment advice and analysis tools are offered to participants through ICMA-RC, a federally registered investment adviser. Investment advice is the result of methodologies developed, maintained and overseen by the Independent Financial Expert, Morningstar Investment Management LLC. Morningstar Investment Management LLC is a registered investment advisor and subsidiary of Morningstar, Inc. Morningstar, Inc. and Morningstar Investment Management LLC are not affiliated with ICMA-RC. All rights reserved. The Morningstar name and logo are registered marks of Morningstar, Inc. Guided Pathways' Managed Accounts and Fund Advice are fee-based services.

## Transferring Retirement Accounts

Transferring, or rolling over, assets from a former employer's retirement plan or an IRA to a **Vantagepoint IRA** allows you to simplify your finances and continue receiving tax advantages. You should consider the services, investments, tax treatment, and costs associated with both accounts before requesting a transfer.

### Moving Money To An IRA

- ▶ From an employer retirement plan — The plan must make the check payable to “Vantagepoint Transfer Agents,” and the check can be mailed either directly to ICMA-RC or to you.
- ▶ If the check is made payable to you, you have only 60 days to complete the rollover and avoid taxation.<sup>3</sup> The amount you roll over must include all amounts withheld for taxes to defer tax and penalties completely.

**From another IRA** — The other IRA provider must make the check payable to “Vantagepoint Transfer Agents,” and the check can be mailed either directly to ICMA-RC or to you.

- ▶ If the check is made payable to you, you have only 60 days to complete the transfer and avoid taxation.<sup>3</sup> If the other IRA provider withheld taxes, the amount you roll over must include all amounts withheld to defer tax and penalties completely.

<sup>3</sup> If you move the money (“convert”) to a Roth IRA, the amount converted will be subject to taxes but future earnings may be tax-free.

## Follow these steps to open a Vantagepoint IRA:

### Step 1:

Open an IRA online ([www.icmarc.org/ira](http://www.icmarc.org/ira)) or complete the enclosed application.

### Step 2:

Read the Vantagepoint IRA Custodial Account Agreement and Disclosure Statement, as well as the appropriate fund prospectuses.

### Step 3:

Make your IRA contribution (if applicable).

**Personal Check** — Make the check payable to Vantagepoint Transfer Agents and include it with your application.

**Wire** — Supply your bank with ICMA-RC's transfer information:

- ▶ M&T Bank
- ▶ ABA number: 022000046
- ▶ Account: 895-5902-9
- ▶ You may be charged a fee by your financial institution.

**Automated Clearing House (ACH)** — Transfer funds electronically from your bank account.

## Step 4:

Transfer assets from another account (if applicable). The form you need depends on where the funds being rolled over are currently located.

IF YOU ARE MOVING FUNDS TO A VANTAGEPOINT IRA FROM AN...	COMPLETE THE...
Outside IRA	Vantagepoint IRA Direct Transfer Form
Outside employer retirement plan	Vantagepoint IRA Direct Transfer Form and contact your former employer for any other required forms
Outside IRA or employer retirement plan for which you have already received a check made payable to you*	Vantagepoint IRA Rollover Form
Employer retirement plan administered by ICMA-RC	Transferring Your ICMA-RC Retirement Plan to a Vantagepoint IRA Form**

*\*IRS rules require that you complete such a rollover within a 60-day period.*

*\*\*Obtain the form from Investor Services (800-669-7400).*

## Step 5:

Mail your forms and check, if applicable, in the enclosed envelope to:

**Vantagepoint Transfer Agents**

P.O. Box 17010

Baltimore, MD 21297-1010

If you select a Payroll IRA, please return the enclosed application to ICMA-RC and the *Payroll Deduction IRA Authorization Form* to your employer.

# Your IRA Checklist

Consider the following questions to help guide your IRA decisions.

## What will you use your IRA for?

- Additional retirement income
- Lump-sum purchase in retirement
- Healthcare expenses in retirement
- A new first home or college education
- Pass on to loved ones

## Which IRA is right for you – a Roth or Traditional?

- Roth IRA for tax-free income, the ability to withdraw contributions any time without taxes or penalties, and/or to avoid required minimum distributions (RMDs)
- Traditional IRA for tax-deductible contributions

*Note: You must be eligible to make Roth IRA contributions based on your income. In some cases, such as if you are contributing to an IRA and moving assets from another retirement account, owning both a Roth and a Traditional IRA may make sense.*

## How will you fund your Vantagepoint IRA?

- Contribute through paycheck contributions (if available)
- Contribute through regular automatic transfers from your bank account
- Contribute periodically as needed
- Roll over assets from a former employer's retirement plan
- Transfer assets from an IRA at another company

## An IRA

- ▶ Another way to save, with tax advantages
- ▶ For retirement or other savings goals
- ▶ Flexible withdrawal rules

## A Vantagepoint IRA

- ▶ View alongside your other ICMA-RC accounts — one statement, one online view.
- ▶ Contributions are easy — as little as \$10 automatically from your paycheck (if available), or as little as \$50 per month or quarter from your bank account.
- ▶ Immediate family members of public sector employees are eligible, too!

A Payroll IRA allows you to make contributions directly from your paycheck. Ask your employer or ICMA-RC representative if it's available to you.



## Questions?

Contact your ICMA-RC representative  
or visit [www.icmarc.org/ira](http://www.icmarc.org/ira).



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