Take Charge of Your Money

A University of Hawai'i Cooperative Extension Service Project

www.ctahr.hawaii.edu/tcym
Course Objectives

- Increase your knowledge about financial planning
- Improve your ability to make informed decisions
Retirement Savings Plans
Presenter

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Central Pacific Bank
Lesson Objectives

- Understand the different types of retirement plans
- Learn which ones are sponsored by an employer
- Learn the difference between a ROTH IRA and a Traditional IRA
What is a Qualified Plan?

- Set up by employer
- Eligible to receive tax benefits
- Deductible by employer
- Tax excludable by employee until withdrawn
- Interest is tax free
Qualified Plans

- Defined Contribution
  - 401(k)
  - 403(b)
  - 457
- Profit Sharing
- Defined Benefit
Individual Retirement Options

- Traditional IRA
- Roth IRA

2015 Maximum Contribution:
- $5,500 or
- $6,500 (age 50 or older)
Traditional IRA

- Introduced in 1974 with enactment of ERISA
- Originally contributions were deductible
- Tax Reform Act of 1986 phased out the deduction for higher-earning workers
- Contributions after 70 ½ are not allowed
- Contributions may be deductible
- Tax deferred growth
• Available Jan 1, 1998 - named after Senator William Roth
• Contributions to a Roth IRA made with after tax dollars
• If you satisfy the requirements, **qualified distributions** are tax-free
• Contributions after 70 ½ are allowed.
• Income limitations
## Roth IRA Income Limits 2015

<table>
<thead>
<tr>
<th>Filing Status</th>
<th>Modified AGI</th>
<th>Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married Filing Jointly or Qualified Widow(er)</td>
<td>$&lt; 183,000$</td>
<td>Up to the limit</td>
</tr>
<tr>
<td></td>
<td>$\geq 193,000$</td>
<td>Zero</td>
</tr>
<tr>
<td>Married Filing Separately</td>
<td>$&lt; 10,000$</td>
<td>Up to the limit</td>
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<tr>
<td></td>
<td>$\geq 10,000$</td>
<td>Zero</td>
</tr>
<tr>
<td>Single, Head of Household</td>
<td>$&lt; 116,000$</td>
<td>Up to the limit</td>
</tr>
<tr>
<td></td>
<td>$\geq 131,000$</td>
<td>Zero</td>
</tr>
</tbody>
</table>
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We would like to thank the following groups for their support:

- University of Hawai'i at Mānoa
  - College of Tropical Agriculture & Human Resources, Cooperative Extension Service, Department of Family & Consumer Sciences
  - Information Technology Services-Academic Technologies

- Central Pacific Bank