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IRAs AT A GLANCE

What Will You Do With Your Hard-Earned Money?

Life is full of important decisions. Taking control of your retirement assets is one of them. Whether you have one retirement account or several, an IRA may be able to help you invest beyond the possibly limited investment options of employer plans. Take control of your financial future today.

Paying for your retirement

Retirement is normally funded with three main sources of income: Social Security, pensions and personal savings/investments. This concept frequently is called the "three-legged stool" and illustrates the fact that you need support from all three legs in order to keep from falling down. Two legs aren't enough — you can't depend on your pension and Social Security alone to fund retirement. In fact, Social Security benefits make up about 31% of older Americans' income, while nearly 9 out of 10 people age 65 and over are receiving a Social Security Benefit.[1] Therefore, you'll also need to use personal savings and investments to live comfortably in retirement.

Why roll over to an IRA? Why now?

Here's one reason — control. Have you been paying enough attention to your 401(k) assets still held in your previous employer's plan? Does your old 401(k) fit into your overall asset-allocation plan? Do you want to consolidate your investments in one place? It's up to you to take the first step.

An IRA keeps your contributions invested on a tax-deferred basis, meaning you pay no taxes on your earnings, if any, until you withdraw them,[2] unlike other non-qualified investments where you pay taxes each year on your earnings.

THE DRAWBACKS OF AN EARLY CASH DISTRIBUTION FROM AN EMPLOYER-SPONSORED PLAN

At first glance, a cash distribution may sound appealing; it might be nice to have the extra money in your pocket immediately. However, this may not be an attractive option when you consider the federal and state income taxes that would potentially apply, as well as the 10% penalty that may be assessed to your hard-earned money.

(Note: When contemplating a rollover of retirement savings from an employer-sponsored plan to an IRA, there are numerous factors to consider, including, among others: relative cost of investments and other plan services and features, fiduciary status of plan/IRA provider, access to participant loans [available from some employer plans, but not from IRAs], range of permissible investments, level of services provided, and potential tax and penalty implications [current and future].)

Not FDIC-Insured. Not Bank-Guaranteed. May Lose Value.

IRA comparison table

	CONTRIBUTION	ELIGIBILITY	REQUIRED DISTRIBUTION
Traditional IRA A traditional IRA works very simply. For 2025, if you (or your spouse) has earned income from working, you can contribute up to $7,000 annually (less any contributions made to a Roth IRA), and invest it in one or more investment options that you select. If you are a participant in an employer-sponsored retirement plan, whether some or all of your contributions are deductible depends upon your modified adjusted gross income (MAGI) for the year. Any account growth is tax-deferred until you take distributions in retirement, so it has the potential to grow faster than a taxable account. Distributions, except the portion of your distributions that represents non-deductible contributions, are taxed when you receive them.	• Up to $7,000 annually (less any contributions made to a Roth IRA). Annual contribution limits may be adjusted for inflation. • Individuals aged 50 and older can make a “catch-up” contribution. Eligible individuals are able to make an additional contribution of $1,000 per year.	• Assuming you (or your spouse) has earned income in the year, you can contribute for any year. • A non-working spouse is also eligible to contribute up to $7,000 in 2025, or $8,000 if age 50 or above, based on working spouse’s income.	• If you were born on or after July 1, 1949 but before January 1, 1951, distributions must begin by April 1 of the calendar year following the year you reach age 72 and continue each year by December 31. If you were born on or after January 1, 1951 distributions must begin by April 1 of the calendar year following the calendar year you reach age 73 and continue each year by December 31.
Roth IRA A Roth IRA is similar to a traditional IRA in that you can invest up to $7,000 annually (less any contributions made to a traditional IRA), and enjoy tax-deferred growth on any earnings. But there are some important differences. While contributions are not tax-deductible, a Roth IRA gives you the benefit of tax-free withdrawals — even before retirement — as long as certain qualifications are met.	• Up to $7,000 annually (less any contributions made to a traditional IRA). Annual maximum contribution limits may be adjusted for inflation. • Individuals aged 50 and older may make a “catch-up” contribution. Eligible individuals are able to make an additional contribution of $1,000 per year.	• No age limit. • Individuals of any age with Modified Adjusted Gross Income (“MAGI”) under $150,000 (single) or $236,000 (joint). • The maximum contribution limit is phased out for those individuals with MAGI between $150,000 and $165,000 (single) and between $236,000 and $246,000 (joint). • A non-working spouse is also eligible to contribute up to $7,000 in 2025, or $8,000 if age 50 or above. The same higher annual maximum contribution limits apply.	• Distributions not required during life of IRA owner (nor during the life of a spouse beneficiary who elects to treat Roth IRA as his/her own).
Rollover IRA A rollover IRA is a way to consolidate a variety of retirement plan assets into one account.	• Most (but not all) distributions from qualified employer plans may be rolled over to either a traditional and/or Roth IRA. The maximum rollover amount is dictated by what distribution amounts from the employer plan are considered to be “eligible rollover distributions.”	• No age limit (required minimum distributions, however, may not be rolled over). • Rollover contributions may be made from other IRAs, qualified plan distributions, 403(b) accounts and certain 457(b) accounts. (Note: only governmental 457(b) accounts can be rolled over.)	• Distribution requirements vary depending on whether rollover contribution is made to a traditional IRA or a Roth IRA (see pertinent distribution requirements for both types of IRAs above).

TAX ADVANTAGES	CONTRIBUTION DEDUCTIBILITY	WITHDRAWAL RULES	ROLLOVERS AND TRANSFERS
• Investment growth is tax-deferred. • Contributions may be tax-deductible. • Taxes are neither paid on deductible contributions nor on earnings until money is withdrawn.	• Contributions are typically fully deductible if: – neither you nor your spouse is an active participant in an employer-sponsored retirement plan; – you are an active participant in an employer-sponsored retirement plan, and (subject to certain phaseout provisions) your MAGI in 2025 does not exceed $79,000 if you are single, or $126,000 if you are married filing jointly; or – your spouse, but not you, is an active participant in an employer-sponsored retirement plan, and (subject to certain phaseout provisions) your MAGI is $236,000 or less.	• Taxable amounts withdrawn prior to age 59½ may be subject to an additional 10% penalty tax. • Withdrawals can potentially be made penalty-free prior to age 59½ under these circumstances: – Certain unreimbursed medical expenses; – due to IRS levy; – qualified reservist distributions; – IRA owner's death or disability; – substantially equal periodic payments made over life expectancy; – timely removal of excess contributions; – purchase of health insurance while unemployed; – the purchase of a first home (up to $10,000); – for certain higher educational expenses; or – for the birth or adoption of a child (up to $5,000 per child) subject to certain requirements. • Taxes typically apply to all earnings and all pre-tax contribution amounts when withdrawn, which will reduce accumulated amounts.	• Rollover of a traditional IRA to a Roth IRA ("conversion") is permitted with no income limitations. • When a traditional IRA is converted to a Roth IRA, taxes must typically be paid on all pretax contributions amounts and all earnings converted. • Transfers and rollovers (within certain limits) to and from other traditional IRAs are generally permitted.
• Investment growth is tax-deferred and earnings can be withdrawn tax-free if the account has been open for at least five years and if certain requirements are met.	• Contributions are not tax-deductible.	• Withdrawals are tax-free if the account is open for at least five years and: – the withdrawals are made after the individual attains age 59½ or becomes disabled; – the withdrawals are made to purchase a first home (up to $10,000); or – the withdrawals are made to a beneficiary after the IRA owner's death. • Distributions that are not "qualified distributions" are includable in income to the extent attributable to earnings. For individuals under age 59½, a 10% early distribution penalty will typically apply to the taxable portion of the non-qualified distribution unless an exception applies.	• Rollover of a traditional IRA to a Roth IRA ("conversion") is permitted with no income limitations. • When a traditional IRA is converted to a Roth IRA, taxes must typically be paid on all pretax contribution amounts and earnings converted. • Transfers and rollovers (within certain limits) to and from other Roth IRAs are generally permitted.
• Tax advantages vary depending on type of rollover IRA: traditional IRA or Roth IRA (see specific tax advantages for both types of IRAs above).	• Rollover contributions are not tax-deductible.	• Withdrawal rules vary depending on type of rollover IRA: traditional IRA or Roth IRA (see specific withdrawal rules for both types of IRAs above).	• Rollover and transfer options vary depending on type of rollover IRA: traditional IRA or Roth IRA (see specific rollover and transfer options for both types of IRAs above).

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For more information, please contact your financial professional.

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[1] Source: Social Security Administration, Fact Sheet, 2025.

[2] Distributions of accumulated Roth IRA earnings are tax-free and penalty-free if the taxpayer has owned a Roth IRA for at least five years and meets one of the following criteria: 1) attainment of age 59½; 2) death; 3) disability; or 4) first-time home purchase ($10,000 lifetime limit). Consult a tax advisor for further details.

Distributions from a traditional IRA (excluding any non-deductible contributions) will generally be subject to taxation at then-current federal and state income tax rates. Distributions made prior to age 59½ may also be subject to an additional 10% early withdrawal penalty tax, unless an exception applies. Amounts converted from a traditional IRA to a Roth IRA are taxable (excluding any non-deductible contributions) and can therefore subsequently be withdrawn from the Roth IRA tax-free at any time, but these amounts may be subject to the 10% early withdrawal penalty tax if the taxpayer is under age 59½ and withdraws the funds within the five-year period following the conversion.

Investors who are eligible to convert assets to a Roth IRA may or may not be eligible to make regular Roth IRA contributions. Allowable annual contributions to a Roth IRA are phased out based on taxpayer filing status and modified adjusted gross income (MAGI), as follows for 2025: single with MAGI under $150,000 — full contribution allowed ($7,000 if under age 50, $8,000 if 50 or older); single with MAGI of $150,000 to $165,000 — partial contribution allowed; single with MAGI of $165,000 or more — ineligible to contribute; married filing jointly with MAGI under $236,000 — full contribution allowed; married filing jointly with MAGI of $236,000–$246,000 partial contribution allowed; married filing jointly with MAGI of $246,000 or more — ineligible to contribute.

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DRD-698817-2025-03-05
BNYMR-IAGBRO-0425

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