

Title:

Individual Retirement Arrangement

Word Count:

453

Summary:

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The Individual Retirement Account as most people call it is legally known as the Individual Retirement Arrangement.

This can may be an annuity which is usually deferred or have an arrangement for a trust that meets particular requirements the Internal Revenue Service necessitates.

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Keywords:

retirement, ira, individual retirement account, sep, rollover

Article Body:

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This can may be an annuity which is usually deferred or have an arrangement for a trust that meets particular requirements the Internal Revenue Service necessitates.

This funding and trust by financial vehicles qualifies it as an account. For this reason, the terminology "Individual Retirement Account" is the most usual moniker by which the IRA is known even to experts in the financial turf.

There are several various types of IRA's which include the following;

- o Roth IRA - It is a retirement account set-up by William Roth. The money is taxed before it is deposited then the earnings that accumulate and withdrawn are

tax-free.

o Traditional IRA - The difference between this account and the Roth IRA is that deposition happens first before the money becomes taxed. The money mounts up tax free on profit until it undergoes withdrawal at retirement, which is the time when the money becomes taxed.

o Rollover IRA - There is no real distinguishing point in tax treatment from an IRA that is considered traditional. However, its funds are from another kind of retirement plan and are "rolled over" into the IRA known as a rollover instead of given as cash.

o Conduit IRA - It is used to transport appropriate funds from one account to another. To maintain particular special tax treatments, the money may not be put together with other kinds of assets including that of other IRAs.

o SEP IRA - for individuals who are self-employed.

o SIMPLE IRA - This is a less complicated pension plan for employees like 401(k) but is with simpler administration and reduced contribution limits.

The 2001's Economic Growth and Tax Relief Reconciliation Act or EGTRRA, has helped ease the many restrictions on what kind of funds can be rolled into an IRA. Other acts have followed suit making most retirements plans accept funds from an IRA and can be rolled in return after meeting a certain criteria.

The United States Supreme Court has made it clear that that IRAs are not subject to seizure during bankruptcy. This is because the rights of withdrawals are based on age and should be given the same protection as other retirement plans. Other states have made similar laws giving federal protection for IRA's.

There are some things that is impossible to be financed into an IRA and these include collectibles such as bullion valuable coins or and life insurance. These IRAs cannot generally accommodate real estate unless it as a type of security, e.g., a real estate investment trust, or REIT.