



## Understanding IRA Distributions

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### When can I take an IRA Distribution?

You've worked hard to save money for retirement, now it's time for a distribution. Taking a distribution depends on the type of retirement account that you have.



### Roth IRA Distributions

During retirement, the Roth IRA offers far greater flexibility and simplicity in planning distributions. There are no elections to be made when you reach age 70½. There are no mandatory distributions and no tax penalties for allowing the account to grow undisturbed, tax-free. The taxation of a Roth IRA distribution depends on whether the distribution is considered qualified or nonqualified.

Qualified Distributions from a Roth IRA may be withdrawn tax- and penalty-free. To be considered qualified, the IRA must have been open for a minimum of five years (beginning with the first year for which the contribution was made) and the withdrawal must be made after one of these events:

- Attainment of age 59½
- Disability
- First-time home purchase
- Death
- Education expenses

Nonqualified Distributions from a Roth IRA do not meet the requirements for a qualified distribution. In a nonqualified distribution, the "contributory basis" are distributed first and are tax- and penalty-free. The "earnings" portion are distributed next, and are subject to taxes and a 10% early distribution penalty.

### Traditional IRA Distributions

The Required Minimum Distribution (RMD) for a Traditional IRA begins in the calendar year in which the individual attains age 70½. (See the SPECIAL RULES FOR 2009 Required Minimum Distributions from Traditional IRAs fact sheet for 2009 RMDs).

Penalty-Free Withdrawals: Withdrawals on a Traditional IRA before the owner reaches 59 ½ generally have a 10% IRS penalty. Exceptions for distributions to be penalty-free are:

- Death
- Disability
- Higher education expenses
- First time home purchase
- Medical expenses

**Talk to a Retirement Specialist at People's United. Call 1-800-772-1090 or visit your branch today.**

*The above is general information regarding IRA Distributions, and does not take your unique, personal circumstances into account. It is not intended to be complete and should not be relied upon in making final decisions concerning IRA accounts. The information is not meant to constitute legal or tax advice. Please contact your tax professional for full details or visit the IRS website at [www.irs.gov](http://www.irs.gov).*

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