

Building your savings is good. Building your tomorrows is great.

Good is knowing you have a financial plan for tomorrow. Good is when you remember to add to your savings so they grow over time.

Great is building your tomorrows today. Great is adding to your saving automatically every paycheck. Great is having lots of options to make the most of what you put into your account.

At CME, we have the tools to make your life great. Like individual retirement accounts and education savings that will help your tomorrows be what you want them to be.



SAVE, AND SAVE AGAIN

Open an IRA or Coverdell Savings Account to help you save for targeted goals, like retirement or college. Then use Payroll Deduction to add to them every paycheck.

INSURED RETIREMENT ACCOUNTS

All CME retirement accounts are insured up to a combined total of \$500,000. The National Credit Union Administration provides \$250,000 of federal coverage. The additional \$250,000 coverage is provided by Excess Share Insurance, a private share insurer.

INDIVIDUAL RETIREMENT ACCOUNT (IRA)

The good news is, you'll retire someday. The great news is, CME can help your retirement be what you dream it can be. CME offers you the choice of both Roth and Traditional IRAs. And with both of these, you can choose to invest your funds into an IRA savings account or an IRA certificate for a higher dividend rate.

Traditional IRA

- If you want to save on taxes now choose a Traditional IRA
- Many people can deduct contributions
- All earnings are tax-deferred
- Taxable distributions of earnings are penalty-free for a first-time home purchase*, certain higher-education expenses and large medical costs.

Roth IRA

- If you want to save on taxes when you retire choose a Roth IRA
- You cannot deduct contributions
- You can withdraw regular contributions at any time, tax-free and penalty-free.
- After account has been open five tax years, earnings can be withdrawn tax-free and penalty-free for a qualified reason: first home purchase, age 59 1/2, disability, etc.

* Lifetime limit for exemption on a first-time home purchase is \$10,000

COVERDELL EDUCATION SAVINGS ACCOUNT (ESA)

It's good that your child wants to go to college some day. What's great is that you will be able to get them there. A Coverdell Education Savings Account (ESA) can help parents provide a pathway to higher education for their children. CME offers you the great benefits of Coverdell Education Savings, including:

- Earnings grow tax-free if distributions are used for qualified education expenses
- Coverdell ESA can also be used to pay for qualified elementary and secondary education expenses

The Coverdell ESA will help you pay for tuition, books, supplies, equipment, and in some cases, room and board and computers. Unlike traditional IRAs, contributions to a Coverdell ESA are never tax-deductible. However, a Coverdell ESA offers you something great, the potential for tax-free withdrawals - including earnings.



Who can contribute?

How much can I contribute?

Who can make deductible contributions?

What are the tax advantages?

When can I withdraw without restrictions?

Roth IRA

Anyone who has income from compensation (or who is filing jointly with a spouse who earns compensation), with the following MAGI:**

- Up to \$95,000 for single filers
- Up to \$150,000 for joint filers

Reduced contributions allowed for higher incomes:

- Up to \$110,000 for single filers
- Up to \$160,000 for joint filers

Anyone under age 70 1/2 who has income from compensation (or who is filing jointly with a spouse who earns compensation)

Anyone who has received a distribution from a qualified retirement plan and decides to roll over the proceeds of the plan into an IRA

- \$5,000
- For owners age 50 and older, you can make an additional catch-up contribution of \$1,000
- Cannot exceed compensation
 - Reduces contributions that can be made to traditional IRAs

- \$5,000
- For owners age 50 and older, you can make an additional catch-up contribution of \$1,000
- Cannot exceed compensation
 - Reduces contributions that can be made to Roth IRAs

No one can deduct contributions

Fully-deductible contributions:

- Single individuals not active in employer retirement plans
- Single individuals active in employer retirement plans with MAGI of less than:
 - \$50,000 (2005 - \$2010)
- Married couples with neither spouse active in an employer retirement plan
- Married individuals active in employer retirement plans with joint tax returns showing MAGI of less than:
 - \$70,000 (2005)
 - \$75,000 (2006)
 - \$80,000 (2007 - 2010)
- Married individuals not active in employer retirement plans with spouses who are, as long as MAGI is \$150,000 or less

- Earnings are tax-free if account is open for five tax years and withdrawn for a qualified reason (age 59 1/2, disability, death, or a first-time home purchase**)
- Not required to start withdrawals at age 70 1/2

Regular contributions can be withdrawn tax-free and penalty-free at any time

After the account has been open five tax years, earnings can be withdrawn tax-free and penalty-free for any of these reasons: age 59 1/2, disability, death, or a first-time home purchase**

* MAGI - Modified Adjusted Gross Income from the federal tax form
** Lifetime limit for exemption on a first-time home purchase is \$10,000

- Earnings grow tax-deferred until withdrawn
- Contributions may be tax-deductible

Withdraw penalty-free for any of the following reasons:

- Qualified higher-education expenses
- First-time home purchase**
- Age 59 1/2
- Disability
- Qualifying medical expenses exceeding 7.5% of adjusted gross income
- Payment to beneficiaries upon the owner's death
- Payments of health insurance premiums while unemployed for 12 weeks or longer

Traditional IRA

Coverdell Education Savings Account (ESA)***

Anyone who has a MAGI:

- Up to \$95,000 for single filers
- Up to \$190,000 for joint filers

Some people with higher MAGI may be able to make smaller contributions

- Contributions not allowed after the beneficiary reaches age 18 (except for special needs beneficiaries)

- \$2,000 per child each year
- Limit applies to all Coverdell Education Savings Accounts (ESA) for the same child

No one can deduct contributions

- Withdrawals for certain qualified education expenses are tax-free
- Qualified education expenses include tuition, fees, books, computer equipment and technology required for elementary, secondary and post-secondary education
- A beneficiary may receive tax-free distributions from Coverdell ESA in the same year he or she claims the Lifetime Learning or HOPE Scholarship tax credits

Withdrawals are tax-free and penalty-free only for qualified education expenses (earnings are subject to tax and penalty for most other withdrawals)

Funds can be transferred from one child's account to an account for another child in the family

** Lifetime limit for exemption on a first-time home purchase is \$10,000

*** Formerly known as the Education IRA