

# Individual Retirement Account

The Praxis Individual Retirement Account may be a good way to financially prepare for your retirement. Depending on your situation, you may be able to deduct your contribution from taxable income. Your retirement investments will also grow tax deferred. Thus, your money can accumulate faster since it's not taxed until you withdraw the funds – usually at retirement, when you may be in a lower tax bracket.

## Eligibility

Generally, anyone who receives income from employment and is under age 70 1/2 can contribute to an IRA.

## Making contributions

You may contribute up to 100 percent of your income, not to exceed the following limits:

Year	Limit	Limit for age 50 and above
2018	\$5,500	\$6,500
2019	\$6,000	\$7,000

If you are married, both spouses may contribute up to these limits if their combined compensation is at least equal to the contributed amount.

## Tax deductions

Your contributions will be fully deductible if you don't participate in an employer-maintained retirement plan. Check with your employer to determine your status.

If you are married, each spouse's status will depend on whether he or she participates in an employer retirement plan. Your spouse's participation in a retirement plan will not make you an active participant.

Even if you or your spouse participate in an employer retirement plan, you may still be able to take a full or partial deduction. See "Calculating your tax deduction" on the other side for more information.

## Alternatives

If you can't deduct your IRA contributions, you may still make contributions to a non-deductible IRA or a Roth IRA.

## Transferring funds from another IRA

You may transfer funds invested in another IRA to a Praxis IRA at any time. To do so, you may do one of the following:

- Take a distribution from your existing IRA and roll it over into a Praxis IRA. You'll have 60 days from receipt of the distribution check to deposit it before it is subject to taxes and/or a penalty, or
- Request a trustee-to-trustee transfer of funds. This is a direct transfer of funds from either another IRA or a qualified retirement plan that is sent directly from your old plan to your new IRA.

**Please note:** Rollovers between IRAs are limited to one rollover each 12 month period. Transfers between IRAs are not limited. Before you transfer funds, contact your current IRA custodian to ask about possible fees associated with a distribution or transfer. Be sure

to consult your tax advisor before you roll over funds.

## Withdrawing your funds

Withdrawals from an IRA are taxable as ordinary income. Nondeductible contributions are returned tax free. If you withdraw from your IRA before you reach age 59½, you will be assessed an early withdrawal tax of 10 percent of the taxable amount you withdraw. You are required to start taking withdrawals when you reach age 70½. Be sure to consult your tax advisor before making any withdrawals.

## Exceptions to tax penalty

The tax penalty will not apply if:

- you roll the funds over to another IRA within 60 days and you have not made another rollover within the past 12 months;
- the funds are withdrawn because of your death or disability;
- you withdraw funds in equal payments over your expected lifetime;
- you use up to \$10,000 to purchase a home;
- you withdraw money to pay higher education expenses;
- the funds are used for medical expenses in excess of 7½ percent of adjusted gross income; or
- the distribution doesn't exceed the premiums paid for medical insurance where the individual is unemployed and has received unemployment compensation for 12 consecutive weeks.



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## Getting started

Establishing your Praxis Individual Retirement Account is easy! Just follow these steps:

1. Read the *Custodial Account Agreement*, which is a contract outlining the terms and conditions of your IRA investment.
2. Complete the *IRA Application* form and return it to Praxis Mutual Funds.
3. Complete the *IRA Transfer or Direct Rollover Request* form, if necessary, and return it to Praxis Mutual Funds.

Be sure to read the prospectus carefully before establishing an account or making your first investment. These

and other materials are available at [praxismutualfunds.com](http://praxismutualfunds.com).

## Calculating your tax deduction

Your ability to deduct IRA contributions depends on whether or not you are an active participant in an employer-sponsored retirement plan, on your income tax filing status and on your income level. Active participants are only allowed to make deductible IRA contributions if they earn below certain income limits.

If you are an active participant in an employer-sponsored retirement plan, use the "MAGI Phaseout Ranges" chart on this page (MAGI stands for modified adjusted gross income) to determine

whether or not your contributions are deductible:

- Locate your filing status and the appropriate tax year to determine your phaseout range
- If your MAGI is equal to or less than the low end amount, you can fully deduct your contribution.
- If your MAGI is equal to or greater than the high end amount, you are not allowed a deduction.
- If your MAGI is within the range, your contribution will be partially deductible.

## MAGI phaseout ranges

Tax Year	Filing status							
	Single, Active Participant		Married, Filing Jointly Active Participant		Married, Filing Separately, Active Participant		Married, Filing Jointly, Not an Active Participant, but Spouse is	
	Low end	High end	Low end	High end	Low end	High end	Low end	High end
2018	\$63,000	\$73,000	\$101,000	\$121,000	\$0	\$10,000	\$189,000	\$199,000
2019	\$64,000	\$74,000	\$103,000	\$123,000	\$0	\$10,000	\$193,000	\$203,000

## Factors

Tax Year	Filing status							
	Single, Filing Jointly, Active Participant		Married, Filing Jointly Active Participant		Married, Filing Separately, Active Participant		Married, Filing Jointly, Not an Active Participant, but Spouse is	
	<50	>=50	<50	>=50	<50	>=50	<50	>=50
2018	.55	.65	.275	.325	.55	.65	.55	.65
2019	.60	.70	.30	.350	.60	.70	.60	.70

## Deduction calculation

- Insert the "high end" number from the MAGI phaseout ranges chart at left for the corresponding tax year and filing status.  
\$ \_\_\_\_\_
- Insert your MAGI (from IRS Form 1040 or 1040A).  
\$ \_\_\_\_\_
- Subtract line B from line A.  
\$ \_\_\_\_\_
- Enter the factor from the table at left for appropriate year.  
\$ \_\_\_\_\_
- Multiply line C by the factor in line D. This is your deductible amount.  
\$ \_\_\_\_\_

You should consider the fund's investment objectives, risks and charges and expenses carefully before you invest. The fund's prospectus or summary prospectus contains this and other information. Call (800) 977-2947 or visit [praxismutualfunds.com](http://praxismutualfunds.com) for a prospectus or summary prospectus, which you should read carefully before you invest. Praxis Mutual Funds are advised by Everence Capital Management and distributed through FINRA member Foreside Financial Services, LLC. Investment products offered are not FDIC insured, may lose value, and have no bank guarantee.

This material is intended to provide general information. It is not intended as legal or tax advice. Please see your tax advisor for specific advice concerning your IRA.