

Roth Individual Retirement Account

The Roth IRA is a significant tool to help you save for retirement. Its tax advantages make it attractive for people who want a tax-free savings option, or who might not qualify to deduct contributions to a traditional IRA.

The Roth IRA is like a traditional IRA, only in reverse. Though your contributions to a Roth IRA are not tax deductible, the withdrawals you make will be tax-free (see Withdrawals for exceptions). And, there are no restrictions to contributing to a Roth IRA if you are a participant in an employer-sponsored retirement plan.

The Roth IRA has special features allowing you to withdraw money for certain purposes. Like a traditional IRA, you are able to contribute only a certain amount per year to a Roth IRA, or to all IRAs combined.

Eligibility

Generally, anyone who receives income from employment below the following amounts in 2018 is eligible for a Roth IRA.

- \$135,000 if you are single
- \$199,000 if married, filing jointly
- \$10,000 if married, filing separately

Contributions

You may contribute 100 percent of your compensation up to the following amounts each year.

Year	Limit	Limit for age 50 and above
2017	\$5,500	\$6,500
2018	\$5,500	\$6,500

In some cases, your income may limit your ability to contribute the full amount. You can make partial contributions for incomes between:

- \$120,000 and \$135,000 if you are single
- \$189,000 and \$199,000 if married, filing jointly
- \$0 and \$10,000 if married, filing separately

You can contribute to a Roth IRA and a traditional IRA in the same year, but contributions to all IRAs combined cannot exceed the limit noted above.

You may continue to make contributions after age 70½ (unlike traditional IRAs).

Tax advantages

Though the contributions to your Roth IRA are not tax-deductible, withdrawals are generally tax-free.



Praxis Mutual Funds®

A fund family of Everence

Withdrawals

When you make a withdrawal, contributions are distributed first and are returned tax- and penalty-free. Withdrawals from earnings also are tax-free and penalty-free when the account is at least five years old and they are taken:

- at age 59½ or later;
- due to death or disability;
- to go toward the purchase of your first home (lifetime maximum of \$10,000).

If you withdraw funds from your Roth IRA before the account meets the requirements above, you will pay tax on the earnings portion you withdraw plus a 10 percent penalty. In addition to the reasons noted above, exceptions to the 10 percent penalty include:

- withdrawing funds in equal payments over your expected lifetime;
- qualified educational expenses for you, your spouse, your children or grandchildren;

- health insurance premiums while unemployed and receiving unemployment compensation for more than 12 weeks;
- medical expenses in excess of 7.5 percent of your adjusted gross income.

Unlike a traditional IRA, you are not required to begin receiving distributions at age 70½.

Conversions

A traditional IRA can be converted to a Roth IRA. The amount you convert will be subject to full taxation, but not to the 10 percent IRS penalty imposed for early withdrawal. Be sure to consult your Everence representative, tax advisor or financial planner when considering any such conversion.

Getting started

Establishing your Praxis Roth IRA is easy! Just follow these steps:

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

You will also want to review the Praxis Mutual Funds brochure, which provides general information on investing and up-to-date information on each of the 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.

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 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 BHIL Distributors 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 Roth IRA.