

## **ROTH IRA AS A GRADUATION GIFT**

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This is the time of year you may be thinking of what to give your new college graduate as a graduation gift. The most popular gift and probably the most welcome gift is cash. But why not give your new graduate something that introduces the power of long-term saving and investing?

Roth IRA accounts are a great alternative to cash as a gift. These accounts are created with after-tax dollars and are easier to tap into, if needed, than traditional IRA's. To give a graduate a Roth, he or she has to have some earned income for the year. You can give the amount of that earned income up to the annual limit of \$5,500. If the graduate needs to access the funds before retirement, it's not a problem as long as the amount withdrawn doesn't include earnings on money that has been in the account for less than five years. There are also exceptions for down payments on first homes (\$10,000 lifetime limit) and for education payments.