

CDs & IRA Retirement Accounts

Plan for Your Future with CDs & Retirement Accounts

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plan & prepare

with accounts to meet your long-term goals

For depositors looking for an insured investment with a higher return than a regular savings account, Rollstone Bank & Trust offers a variety of CD options. Choose from regular or retirement certificates.

Certificates of Deposit

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Certificates of Deposit, or CDs, are a great tool for saving your money. They are similar to [savings accounts](#), but often pay higher interest rates, as the account holder agrees to leave the money in the account for a set amount of time. RBT's CDs feature:

- [fixed or variable rates](#)
- regular or retirement CDs
- terms from 3 months to 5 years
- full-coverage insurance by FDIC and DIF

Traditional IRA

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A Traditional Individual Retirement Arrangement (T-IRA) is a special savings plan authorized by the Federal government to help you accumulate funds for your retirement, tax deferred. The earnings you accumulate in your T-IRA, including interest and dividends, remain tax deferred until withdrawn. Every individual who has taxable compensation may contribute to a Traditional IRA. Income from other sources such as investments or inheritances does not qualify.

Rules for Spousal IRAs

Spousal IRA rules enable married couples filing jointly to contribute the maximum amount to separate IRA accounts even if one spouse has no earned income.

Withdrawals

There is a 10% IRS penalty for withdrawing all or part of the account before age 59 1/2, with some exceptions. The IRS allows voluntary distributions any time after age 59 1/2, with mandatory distributions starting at age 70 1/2 or 72, depending on your birthdate. As part of the Setting Every Community Up for Retirement Enhancement (SECURE) Act, you do not have to take withdrawals until age 72 if your birthday is July 1, 2019 or later. If you turned 70 1/2 prior to January 1, 2020, your required minimum distribution (RMD) is based on age 70 1/2. More information is available at [the IRS's website](#).

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Roth IRA

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A Roth IRA is an individual retirement account to which participants are able to make annual non-deductible contributions. Unlike a Traditional IRA in which your earnings are tax-deferred, Roth IRA earnings can be tax-free. With a Roth IRA, contributions can be made at any age, provided you have taxable compensation. Limitations may apply; learn more at [the IRS's website](#).

Rules for Spousal IRAs

Spousal IRA rules enable married couples filing jointly to contribute the maximum amount to separate IRA accounts even if one spouse has no taxable compensation.

Participation in an employer sponsored retirement plan such as a 401(k) does not affect your ability to contribute to a Roth IRA, provided you meet the income guidelines.

Withdrawals

Qualified distributions may be made at any time, tax and penalty free. Non-qualified distributions may be taxable and subject to an IRS 10% early distributions penalty. Withdrawals will be taxed only on the amount withdrawn each year, on which taxes have not previously been paid. Remaining funds continue to accumulate tax-deferred, and possibly tax-free, earnings.

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Coverdell Education Savings Account

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The Coverdell Education Savings Account is a tax-advantaged savings account created to help fund qualified education expenses. This benefit applies not only to qualified elementary and secondary education expenses but also to qualified higher education expenses. Contributions are non-deductible, earnings are tax-deferred and distributions are tax free if used to pay for the account beneficiary's qualified educational expenses.

Contribution Limits

Anyone – whether related to the account beneficiary or not – may contribute toward the combined maximum of \$2,000 to a child's Coverdell Savings Account, depending on their Modified Adjusted Gross Income. Contributing to a Coverdell Education Savings Account does not affect your ability to contribute to a Roth or T-IRA. Rollovers from a Roth or T-IRA are not allowed. A Coverdell Savings Account must have one responsible individual, a parent or legal guardian of the child/beneficiary, to oversee the account. This person decides when funds will be withdrawn and if and when funds will be rolled over to the Coverdell Savings Account of another family member.

Key Features of Coverdell Education Savings Accounts

- Contributions are non-deductible
- Qualified distributions are tax-free
- Contributions must stop at beneficiary's 18th birthday unless they are a special needs child
- Funds must be disbursed or rolled over by beneficiary's 30th birthday unless they are a special needs child

Withdrawals

Distributions may be made at any time, tax and penalty free as

long as funds are used to pay for qualified education expenses for the account's designated beneficiary. Non-qualified distributions may be taxable and subject to an IRS penalty.

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