THE TAX PICTURE

New Rules Could Help IRAs

(NAPSA)—New changes to the tax code could help people's IRAs grow and make saving for college easier. That's why analysts say it's important to not only know what your IRA is up to, but to stay up-to-date on financial laws as well.

The news is significant, as millions of Americans use IRAs, or Individual Retirement Accounts, to help finance retirement. The plans let people save pretax dollars in an account, where the money can earn tax-deferred interest. No taxes are due on the money until it is taken out of the account, making IRAs an inexpensive and popular way to save.

According to experts at IndyMac Bank, significant changes to 2002 tax law include:

Traditional And Roth IRA

• Annual contribution limit has been raised from $2,000 to $3,000. A "catch up" feature for people who are over age 50 raises the limit to $3,500.

• After-tax contributions can now be rolled over into a traditional IRA.

• New contribution tax credits are allowed for qualified individuals.

SEP IRA

• Contributions of up to $40,000 per participant, or up to 25 percent of compensation are now allowed.

• Employers may now deduct contributions of up to 25 percent.

• New tax credit for qualifying employers.

Qualified Plan

• Employers may deduct profit-sharing contributions up to 25 percent.

• New tax credits are allowed for qualifying small employers.

Changes to 2002 tax law can help IRAs grow.

Coverdell Education Savings Account

• Annual contribution limit has been raised from $500 to $2,000.

• New "Qualified Education Expenses" include computers and Internet service.

• New extended age limit for contributions for "Special Needs" individuals.

• Contribution deadline is now April 15 or your tax filing deadline.

• Qualified family beneficiaries now include first cousins.

For information on ways to use the tax-law changes to your benefit, consult your tax adviser or call IndyMac Bank at 1-800-998-2900.