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Is it time to take money out of your Roth IRA? The Internal Revenue Service gives you rules to follow as to when to withdraw money from your traditional Individual Retirement Account, Simplified Employee Pension (SEP) Plan, SIMPLE IRA, 401(k), or 403(b). You can start penalty-free withdrawals the year you turn 59.5, or at any time if you take "substantially equal payments over your expected lifetime." However, you have to start minimum payments the year following the year you turn 70.5. Your main choices are the timing and amounts in that 11-year window.

But with Roth IRAs, you don't ever have to take money out. There are no laws to tell you when, or how much. And since Roth IRA distributions are tax-free after age 59.5 (assuming the five-year holding period is satisfied), well-timed withdrawals can be a great way to improve your income without increasing your income taxes.

If, for example, you were working part-time and decided to stop, your income is going to drop. Since you can take as much or as little out of your Roth as you wish, you might use some of that money to fill in the gap left by leaving your part-time job. You could always remove funds from your other IRAs or 401(k). But that money may possibly be taxable at your top marginal income tax rate.

Or, if you have unexpected expenses, such as a doctor bill that isn't paid by Medicare, you might want to use Roth IRA money to pay it instead of taking money from other retirement accounts.

After all, the bill is bad enough — why add taxes on top of it by removing money from a tax-deferred account?

Contributions of up to \$4,000 can be made to Roth IRAs in 2005, and additional catch-up contributions are available for taxpayers age 50 and over. Please note, however, that income restrictions do apply for single and joint taxpayers with adjusted gross incomes of \$95,000 and \$150,000 respectively.

The uses of your Roth IRA money are varied, and funds that you don't spend will go income tax free to your heirs. Of course, under the 2005 federal tax code, federal estate taxes could apply if your estate exceeds \$1.5 million.

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