

# Family Fundamentals

News from the College of Food, Agricultural, and Environmental Sciences

## MyRA can help jump start retirement savings

**I am approaching 30 and don't have any retirement savings. I work retail and my job doesn't offer a retirement plan. I don't have much money to invest month to month, but I know I need to start doing something. Where do I start?**

It sounds like the myRA savings plan was tailor-made for you.

MyRA, a government-sponsored individual retirement account, was designed to help people get started with long-term retirement savings.

You can read more about myRA and sign up at [myra.gov](http://myra.gov), but here are the basics:

- It's totally free to set up the account, and you can deposit as little as \$2 at a time. If you want, you can set up automatic deposits from your paycheck (if your employer allows) or your bank account.
- There are no fees or contribution requirements.
- Your money is safe. Funds deposited into myRA are invested in U.S. Treasury bonds, which are guaranteed by the federal government. Unlike investing in mutual funds or stocks, your balance won't sink if the stock market dips.
- You can withdraw your contributions at any time, tax-free. The myRA is basically a type of Roth IRA, which is the kind that takes earnings that you've already paid income tax on. That means you don't owe any taxes or fees when you withdraw contributions you've made. So, for example, if a few years from now you have contributed \$2,000 and made an additional \$150 in interest, you can withdraw \$2,000 any time for any reason. If you wait until you're 59 1/2 years old, or need the money for college,



photo: iStock

medical bills or a few other reasons, you can withdraw the interest tax- and fee-free, too.

Of course, myRA isn't for everyone. For one thing, your investments won't earn very much. With low risk comes low yields — usually between 2 to 3 percent. While that's a lot higher than you might earn in a regular bank account, it's paltry compared with the average returns of stock or mutual fund investments over time. Still, for many people, especially novice investors, that's an acceptable trade-off. Since 1988, the Standard & Poor's 500 index yielded anywhere from almost 38 percent (in 1995) to -37 percent (in 2008). MyRA lets you avoid that kind of volatility.

Another thing to know about myRA is that your lifetime contributions are limited to \$15,000. If you reach that threshold, you'll have to make a decision on where to transfer the money — likely another type of Roth IRA. But the nice thing is that, unlike many other retirement savings options, you don't need to make that decision before you start saving. The plethora of choices out there can stymie beginning investors from even starting a retirement savings account. Beginning with myRA removes that barrier.

There are other things to consider, too. You can learn more at [myra.gov/get-answers/](http://myra.gov/get-answers/). But if you want an easy, low-risk way to start your retirement savings, myRA is definitely worth looking into.

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**Dear Subscriber:** This column was reviewed by Lauren Jones, assistant professor and consumer policy specialist for Ohio State University Extension, the outreach arm of the College of Food, Agricultural and Environmental Sciences.

*Family Fundamentals is a monthly column on family issues. It is a service of the College of Food, Agricultural, and Environmental Sciences and its outreach and research arms, Ohio State University Extension and the Ohio Agricultural Research and Development Center. Send questions to Family Fundamentals, c/o Martha Filipic, 2021 Coffey Road, Columbus, OH 43210-1044, or [filipic.3@osu.edu](mailto:filipic.3@osu.edu).*

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