

NEWS ALERT



The IRA Turns 30!

Thirty years ago, the Individual Retirement Account (IRA) was born and my, how it's grown! The IRA was originally created as an incentive for workers to save for retirement. Over the years, the IRA has evolved and today there is over \$3 *trillion* invested in IRAs with over half of that in mutual funds.

In 1974, the IRA was created when the Employee Retirement Income Security Act of 1974 (ERISA) was passed. This allowed workers who didn't have an employer-sponsored savings plan to invest up to \$1,500 or 15% of their compensation in an IRA. It also allowed spouses who weren't employed to invest up to \$250 per year. Two years later, the contribution limit was raised. In 1981 the limit was raised yet again and IRAs became available to *anyone* who wanted to contribute to one, regardless of whether they had access to an employer-sponsored account or not. In 1986, legislation restricted the deductibility of IRA contributions.

1997 marked the passage of the Taxpayer Relief Act of 1997 and the Educational IRA and the Roth IRA were created. In both types, contributions are post-tax and are not tax-deductible, but earnings on the account are and accumulate tax-free. In 2001, contribution limits were raised again, this time to \$5,000, phased in over seven years. This came about after the Economic Growth and Tax Relief Reconciliation Act of 2001 was passed which also allowed investors age 50 and older to make additional catch-up contributions.

In 2004, the IRA turned 30 and today over 64 million Americans own a contributory IRA. Workers are now allowed to

contribute \$3,000 per year to IRAs. Assets can grow free of current federal income tax liability. The contribution level will increase to \$4,000 in 2005 and to \$5,000 in 2008.

Stratton Mutual Funds offers both the traditional and Roth IRA. If you would like more information about how to invest in a Stratton IRA, please call us at 800-634-5726.

For more information about the Stratton Funds and the Funds' performance, go to www.strattonfunds.com. You should consider the investment objectives, risks, charges and expenses of the Stratton Funds carefully before investing. A prospectus with this and other information about the Funds may be obtained by calling the number above or by downloading a copy from the website. Please read the prospectus carefully before investing.

