

Roth IRA

Traditional IRA

Who can contribute?

You are eligible if you earn compensation and your MAGI* is less than the defined limits set by Congress. If your MAGI is too high to contribute the annual contribution limit, you may be able to make a smaller contribution.

Anyone under age 70½ who has income from compensation (or who is filing jointly with a spouse who earns compensation).

Anyone who has received a distribution from a qualified retirement plan and decides to move the proceeds of the plan into an IRA.

How much can I contribute?

You may be able to contribute up to

- \$5,000

For owners age 50 and older, you may be able to contribute up to

- \$6,000

Contributions cannot exceed compensation.

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Who can make deductible contributions?

No one can deduct contributions.

Deductible up to annual contribution limit:

- Single individuals not active in employer retirement plans
- Single individuals active in qualified retirement plans with MAGI below defined limits
- Married couples with neither spouse active in an employer retirement plan
- Married individuals active in qualified retirement plans filing joint tax returns with MAGI below defined limits
- Married individuals not active in qualified retirement plans filing joint tax returns with spouses who are, as long as MAGI is below defined limits

What are the tax advantages?

- Earnings are tax-deferred and withdrawals are tax-free if the account is open for five tax years and withdrawals are for a qualified reason (age 59½, disability, death, or a first-time home purchase**)
- Not required to start withdrawals at age 70½

- Earnings grow tax-deferred until withdrawn
- Contributions may be tax-deductible

When can I withdraw without restrictions?

- Regular contributions can be withdrawn tax-free and penalty-free at any time
- After the account has been open five tax years, earnings can be withdrawn tax-free and penalty-free for any of these reasons: age 59½, disability, death, or a first-time home purchase**

Withdraw penalty-free for any of the following reasons:

- Qualified higher-education expenses
- First-time home purchase**
- Age 59½
- Disability
- Qualifying medical expenses exceeding 7.5% of adjusted gross income
- Payment to beneficiaries upon the owner's death
- Payment of health insurance premiums while unemployed for 12 weeks or longer

Not intended as tax advice. Please consult a tax professional.

** MAGI - Modified Adjusted Gross Income. Contribution and deductibility limits change frequently. Consult your tax professional regarding your individual circumstances.*

*** Lifetime limit for exemption on first-time home purchase is \$10,000.*