

# Traditional and Roth IRAs Compared

## TRADITIONAL IRA

## ROTH IRA

<b>QUALIFICATIONS</b>	Must have earned income at least equal to the contribution and not have reached age 70 1/2 by the end of the year.	Must have earned income at least equal to the contribution. There are no age restrictions.												
<b>MAXIMUM CONTRIBUTIONS</b>	<u>Taxable years beginning</u> In 2005 through 2007 .....\$4,000 In 2008 and after .....\$5,000*	<u>Taxable years beginning</u> In 2005 through 2007 .....\$4,000 In 2008 and after.....\$5,000*												
<b>CATCH-UP (50+OVER)</b>	2006 and after .....\$1,000	2006 and after .....\$1,000												
<b>TAX STATUS OF EARNINGS</b>	Tax-deferred until withdrawal	Not taxed. Earnings grow tax-free.												
<b>CONTRIBUTION RESTRICTIONS (BASED ON ADJUSTED GROSS INCOME)</b>	Yes, if active participant in employer retirement plan.  <div style="text-align: center;"> <b>CONTRIBUTION PHASEOUTS</b>  <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>SINGLES</th> <th>MARRIED JOINT</th> </tr> </thead> <tbody> <tr> <td>2005</td> <td>\$50,000-\$60,000</td> <td>\$70,000-\$80,000</td> </tr> <tr> <td>2006</td> <td>same as 2005</td> <td>\$75,000-\$85,000</td> </tr> <tr> <td>2007</td> <td>same as 2005</td> <td>\$80,000-\$100,000</td> </tr> </tbody> </table> </div>		SINGLES	MARRIED JOINT	2005	\$50,000-\$60,000	\$70,000-\$80,000	2006	same as 2005	\$75,000-\$85,000	2007	same as 2005	\$80,000-\$100,000	Yes, contributions phase out between \$95,000-\$110,000 for singles, \$150,000-\$160,000 for married couples filing jointly, and \$0-\$10,000 for married couples filing separately.
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2007	same as 2005	\$80,000-\$100,000												
<b>TAX DEDUCTION</b>	Yes. Contributions up to the limit are fully tax deductible if you are not an active participant in a retirement plan. Otherwise phaseout rules apply.	No.												
<b>PENALTIES FOR EARLY WITHDRAWAL</b>	None if: <ul style="list-style-type: none"> <li>• Over 59 1/2</li> <li>• Death or disability</li> <li>• Qualified medical expenses</li> <li>• Certain health insurance</li> <li>• Qualified college expenses</li> <li>• 1st time home purchase (up to \$10,000)</li> <li>• Due to IRS levy</li> <li>• Periodic payments</li> </ul>	None if made after a five year period and: <ul style="list-style-type: none"> <li>• Over 59 1/2</li> <li>• Death or disability</li> <li>• Qualified medical expenses</li> <li>• Certain health insurance</li> <li>• Qualified college expenses</li> <li>• 1st time home purchase (up to \$10,000)</li> <li>• Due to IRS levy</li> <li>• Periodic payments</li> </ul>												
<b>REQUIRED DISTRIBUTIONS</b>	Must begin by April following year participant turns 70 1/2.	Only after death of the participant.												
<b>CONTRIBUTIONS AFTER AGE 70 1/2</b>	Not allowed.	Allowed.												

\*May be adjusted annually for inflation.